

未来へ 進化する鉄



---

# Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2009

---

**NISSHIN STEEL CO., LTD.**

February 2009

# Business Conditions in the Second Half of the FY Ending March 31, 2009

Demand for steel has declined rapidly both in Japan and overseas as a result of the global downturn triggered by the financial crisis.

Corporate activity has decreased in all areas that drive demand for steel, including automobiles, electric appliances and construction materials. Business activity has slowed further in the fourth quarter, with companies adjusting inventory levels and refraining from purchasing.

The inventory to sales ratio for stainless steel is rising, but scaled-back production and curbs on orders continue, leading to a decline in the inventory volume. Overseas, the pace of inventory adjustments and the price of nickel have stabilized, giving the sense that certain areas of the market have bottomed out.

Nisshin Steel has expanded its production rollbacks with the sharp decline in sales volume, and will carefully tailor production and sales to market conditions.

We are accelerating cost reductions and other emergency measures, centered on the programs of the Rationalization and Overall Cost Reduction Committee.

# Highlights of Consolidated Results for the 3Q of the FY Ending March 31, 2009

	(Billions of yen)			
	3Q of the FY Ending Mar. 31, 2009 Actual	3Q of the FY Ended Mar. 31, 2008 Actual	Difference	
			Amount	%
Net sales	518.5	496.0	22.4	4.5%
Operating income	26.9	49.2	(22.3)	-45.3%
Income before special items	22.2	47.8	(25.6)	-53.5%
Net income	9.9	27.9	(18.0)	-64.4%
Net income per share (Yen)	11.01	30.69	(19.68)	—
Unrealized holding gains on inventories	0.0	13.5	(13.5)	—
(Of which) Stainless Steel Business Results				
Net sales	135.0	173.0	(38.0)	-22.0%
Income before special items	(4.5)	30.0	(34.5)	-115.0%
Unrealized holding gains on inventories	(11.0)	13.0	(24.0)	—

## Other Information (Non-Consolidated)

	3Q of the FY Ending Mar. 31, 2009	3Q of the FY Ended Mar. 31, 2008	Difference
Crude steel production (1,000 tons)	2,975	3,053	(78)
Of which, stainless steel	405	470	(65)
Sales Volume (1,000 tons)	2,871	2,927	(56)
Of which, stainless steel	380	410	(30)
Average sales price of steel products (¥1,000/ton)	142	137	5
Export ratio (monetary basis;%)	18	16	2
Export exchange rate (¥/U.S.\$)	104	117	(13)
Excess of imports over exports (U.S.\$ million)	1,261	1,043	218

# Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
3Q of the FY Ended Mar. 31, 2008 (Actual)	47.8		30.0
Sales related	33.0	Price difference 35.5, Volume and composition difference (2.5)	(20.5)
Purchasing price	(59.5)	Iron ore (20.0), Coke (33.0), Chromium (12.0), Oil and gas (11.0), Nickels 19.0	6.5
Cost improvement	2.9	Rationalization 3.4, Cost for reduced production (1.5)	1.5
Others	9.5	Exchange rate 13.0, Depreciation (2.0)	2.5
Subsidiaries	3.0		—
Special items	(14.5)	Changes in estimated useful lives (1.0), Unrealized holding gains on inventories (13.5)	(24.5)
Total	(25.6)		(34.5)
3Q of the FY Ending Mar. 31, 2009 (Forecast)	22.2		(4.5)

# Balance Sheet (Summary)

As of December, 2008			(Billions of yen)		
Debit		Vs. March, 2008	Credit	Credit	Vs. March, 2008
Cash on hand and in banks	37.7	+ 19.6	Interest-bearing debt	299.1	+ 80.5
Accounts receivable	118.5	+ 25.2	Other liabilities	215.0	-23.1
Inventories	188.9	+ 22.4	<b>Total liabilities</b>	<b>514.1</b>	<b>57.3</b>
Other current assets	39.6	+ 2.3	Common stock and additional paid-in capital	129.8	—
Property, plant and equipment	264.8	-0.9	Retained earnings	186.6	+ 0.9
Intangible assets	10.2	-1	Treasury stock, at cost	-25.9	0.0
Investments and long-term receivables	176.6	-49.1	Valuation and translation adjustments	26.5	-39.8
			Minority interests	5.6	+ 0.1
<b>Total assets</b>	<b>836.8</b>	<b>18.5</b>	<b>Total net assets</b>	<b>322.6</b>	<b>-38.8</b>
			<b>Total net liabilities and total net assets</b>	<b>836.8</b>	<b>18.5</b>

## Other Information (Non-Consolidated)

	FY Ending Mar. 31, 2009 full year	FY Ended Mar. 31, 2008 full year	Difference
Crude steel production (1,000 tons)	3,773	4,118	(345)
Of which, stainless steel	474	636	(162)
Sales Volume (1,000 tons)	3,418	3,933	(515)
Of which, stainless steel	440	560	(120)
Average sales price of steel products (¥1,000/ton)	138	135	3
Export ratio (monetary basis;%)	17	16	1
Export exchange rate (¥/U.S.\$)	101	114	(13)
Excess of imports over exports (U.S.\$ million)	1,749	1,412	337

# Forecasts of Results of Operations for the FY Ending March 31, 2009

(Billions of yen)

	FY Ending March 31, 2009 full year (Current forecast)	Previous forecast (As of Oct. 31, 2008)	Difference		FY Ended March 31, 2008 full year (Actual)	Difference		
			Amount	%		Amount	%	
Consolidated	Net sales	620.0	685.0	(65.0)	-9.5%	649.4	(29.4)	-4.5%
	Operating income	14.0	36.0	(22.0)	-61.1%	58.4	(44.4)	-76.1%
	Income before special items	7.0	31.0	(24.0)	-77.4%	54.5	(47.5)	-87.2%
	Net income	2.0	18.0	(16.0)	-88.9%	32.1	(30.1)	-93.8%
	Net income per share (Yen)	0.22	1.99	(1.77)	—	3.54	(3.32)	—
Non-consolidated	Net sales	470.0	535.0	(65.0)	-12.1%	522.7	(52.7)	-10.1%
	Operating income	9.0	28.0	(19.0)	-67.9%	53.2	(44.2)	-83.1%
	Income before special items	3.0	25.0	(22.0)	-88.0%	49.3	(46.3)	-93.9%
	Net income	0.0	15.0	(15.0)	-100.0%	30.3	(30.3)	-100.0%
	Net income per share (Yen)	0.00	16.56	(16.56)	—	33.30	(33.30)	—
Unrealized holding gains on inventories		(0.5)	5.0	(5.5)	—	12.5	(13.0)	—

(Of which) Stainless Steel Business Results

Net sales	150.0	170.0	(20.0)	-11.8%	225.0	(75.0)	-33.3%	
Income before special items	(12.0)	2.5	(14.5)	-580.0%	32.0	(44.0)	-137.5%	
Unrealized holding gains on inventories		(11.0)	(9.0)	(2.0)	—	12.5	(23.5)	—

# Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
FY Ending Mar. 31, 2009 Forecast (Previous)	31.0		2.5
Sales related	(17.0)	Price difference (1.5), Volume and composition difference (15.5)	(9.5)
Purchasing price	2.5	Iron ore 0.5, Nickles 1.5	1.5
Cost improvement	(1.5)	Rationalization 2.5, Cost for reduced production (5.0)	(3.5)
Others	(0.5)	Exchange rate (2.5), Depreciation 0.5	(1.0)
Subsidiaries	(2.0)		—
Special items	(5.5)	Unrealized holding gains on inventories (5.5)	(2.0)
Total	(24.0)		(14.5)
FY Ending Mar. 31, 2009 Forecast (Current)	7.0		(12.0)

# Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
FY Ended Mar. 31, 2008 (Actual)	54.5		32.0
Sales related	29.0	Price difference 47.5, Volume and composition difference (18.5)	(34.5)
Purchasing price	(81.0)	Coke (49.5), Iron ore (25.5), Chromium (18.5), Oil and gas (11.0), Nickels 31.5	8.5
Cost improvement	3.5	Rationalization 7.5, Cost for reduced production (5.0)	2.0
Others	14.5	Exchange rate 19.0, Depreciation (2.5)	4.0
Subsidiaries	1.0		—
Special items	(14.5)	Changes in estimated useful lives (1.5), Unrealized holding gains on inventories (13.0)	(24.0)
Total	(47.5)		(44.0)
FY Ending Mar. 31, 2009 (Forecast)	7.0		(12.0)

# Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
January-March 2008 (Actual)	6.7		2.0
Sales related	(4.0)	Price difference 12.0, Volume and composition difference (16.0)	(14.0)
Purchasing price	(21.5)	Coke (16.5), Iron ore (5.5), Chromium (6.5), Nickels 12.5	2.0
Cost improvement	0.6	Rationalization 4.1, Cost for reduced production (3.5)	0.5
Others	5.0	Exchange rate 6.0, Depreciation (0.5)	1.5
Subsidiaries	(2.0)		—
Special items	0.0	Changes in estimated useful lives (0.5), Unrealized holding gains on inventories 0.5	0.5
Total	(21.9)		(9.5)
January-March 2009 (Forecast)	(15.2)		(7.5)

# Outlook for the FY Ending March 31, 2010

A rapid recovery of demand is not anticipated, due to concerns about prolonged inventory adjustments, and a slowdown in business activity. There are also several areas of uncertainty, such as the price of raw materials and exchange rate trends.

We will revise our cost structure centered on the programs of the Rationalization and Overall Cost Reduction Committee, and forcefully implement emergency measures aimed at further tightening.

We will continue to carefully tailor production and sales to market conditions, and focus on developing new markets.

We will develop strategic businesses in areas where we anticipate medium to long-term growth, set clear priorities and implement accordingly.

# Dividends

The planned year-end dividend is ¥3 per share.

(The year-end dividend for the previous fiscal year was ¥4 per share.)

(The interim dividend was ¥4 per share.)

---

# Reference

---

## Interest-bearing debt (Billions of yen) D/E ratio

	March 2008 actual	June 2008 actual	September 2008 actual	December 2008 actual	March 2009 forecast
Interest-bearing debt (Billions of yen)	218.6	242.2	252.3	0.0	0.0
D/E ratio	0.61	0.68	0.73	0.00	0.00

# Purchase Price

	FY Ending March 31, 2009				FY Ended March 31, 2008		
	1st halh Actual	2nd half Forecast			1st halh Actual	2nd half Actual	
Nickel (US\$/lb)	12.4	6.8		9.6	20.3	13.5	16.9
		3Q	8.6	4Q	4.9		
Chrome (US¢/lb)	164.5	203.0		183.8	86.5	108.0	97.3
		3Q	213.0	4Q	193.0		
Molybdenum (US\$/lb)	33.1	25.1		29.1	28.4	32.0	30.2
Zinc (US\$/ton)	1,942	1,261		1,602	3,445	2,526	2,986
Oil (\$US/bl)	115	59		87	67	87	77



This presentation is not a disclosure document compliant with the Financial Instruments and Exchange Law. Nisshin Steel makes no guarantee as to the accuracy or completeness of the information contained.

This presentation was created based on the contents of business results for the third quarter of the fiscal year ending March 31, 2009, announced on February 4, 2009. Forward-looking statements regarding the plans, strategies and business results contained in this presentation may differ from actual results due to a variety of significant factors, including domestic and foreign politico-economic conditions, steel demand in major markets, and changes in laws and regulations.

Consequently, Nisshin Steel advises readers not to make investment decisions based solely on this material. Nisshin Steel assumes no liability for losses incurred as a result of using this presentation.

Contact:

Public relations & investor relations team,

General administration dept.

Nisshin Steel Co., Ltd.

Tel:+81 3 3216 5566