
Consolidated Financial Results
for the Third Quarter of the Fiscal
Year Ending March 31, 2010

NISSHIN STEEL CO., LTD.

February 2010

Business Conditions in the FY Ending March 31, 2010

◎Demand, especially in the automobile and the electric sectors, is expected to slowly recover in the middle of the first half of the year and the recovery is expected to continue through this FY.

◎Demand in the construction sector remains stagnant at a low level and there is no sign for recovery.

◎Although shipments of stainless steel for automobiles have picked up, those for construction remain sluggish and the surrounding environment continues to be tough.

◎Overall export to Asia remains firm.

Although real demand for stainless steel lacked in strength, there was speculative demand due to the anticipation of higher price. The sign for real recovery is yet to be confirmed.

◎Earnings for October 2009 to March 2010 went into the black from the third quarter (Oct to Dec) as initially planned and are expected to be the same for the fourth quarter due to: strong promotion of streamlining and overall cost reduction programs; increased sales quantity; and improvement of product mix through sales expansion of strategic products such as ZAM and specialty steel.

Highlights of Consolidated Results for the 3Q of the FY Ending March 31, 2010

(Billions of yen)

	3Q of the FY Ending Mar. 31, 2010 Actual	3Q of the FY Ended Mar. 31, 2009 Actual	Difference	
			Amount	%
Net sales	313.6	518.5	(204.9)	-39.5%
Operating income	(50.1)	26.9	(77.0)	—
Income before special items	(58.9)	22.2	(81.1)	—
Net income	(68.8)	9.9	(78.7)	—
Net income per share (Yen)	(76.17)	11.01	(87.18)	—
Unrealized holding gains on inventories	(27.5)	0.0	(27.5)	—
(Of which) Stainless Steel Business Results (Non-consolidated)				
Net sales	80.0	135.0	(55.0)	-40.7%
Income before special items	(18.0)	(4.5)	(13.5)	—
Unrealized holding gains on inventories	(13.0)	(11.0)	(2.0)	—

Other Information (Non-Consolidated)

	3Q of the FY Ending Mar. 31, 2010	3Q of the FY Ended Mar. 31, 2009	Difference
Crude steel production (1,000 tons)	2,365	2,975	(610)
Of which, stainless steel	388	405	(17)
Sales Volume (1,000 tons)	2,371	2,871	(500)
Of which, stainless steel	350	380	(30)
Average sales price of steel products (¥1,000/ton)	103	142	(39)
Export ratio (monetary basis;%)	20	18	2
Export exchange rate (¥/U.S.\$)	93	104	(11)
Excess of imports over exports (U.S.\$ million)	444	1,261	(817)

Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
3Q of the FY Ended Mar. 31, 2009 (Actual)	22.2		(4.5)
Sales related	(109.0)	Price difference (79.0), Volume and composition difference (30.0)	(42.5)
Purchasing price	38.0	Iron ore 5.0, Coke 5.0, Chromium 4.0, Oil and gas 3.5, Nickels 16.0	23.0
Cost improvement	25.4	Rationalization 18.0, Exchange rate 6.5, Cost for reduced production (2.0)	8.0
Subsidiaries	(8.0)		—
Special items	(27.5)	Unrealized holding gains on inventories (27.5)	(2.0)
Total	(81.1)		(13.5)
3Q of the FY Ending Mar. 31, 2010 (Forecast)	(58.9)		(18.0)

Balance Sheet (Summary)

As of December, 2009			(Billions of yen)		
Debit		Vs. March, 2009	Credit		Vs. March, 2009
Cash on hand and in banks	41.7	2.0	Interest-bearing debt	312.1	25.8
Accounts receivable	68.1	11.1	Other liabilities	164.1	(11.2)
Inventories	126.7	(50.7)	Total liabilities	476.2	14.6
Other current assets	10.4	(10.0)	Common stock and additional paid-in capital	129.8	—
Property, plant and equipment	267.8	(7.3)	Retained earnings	77.5	(73.5)
Intangible assets	8.3	(3.2)	Treasury stock, at cost	(26.4)	(0.0)
Investments and long-term receivables	147.2	6.4	Valuation and translation adjustments	7.5	(6.9)
			Minority interests	5.7	0.2
Total assets	670.5	51.7	Total net assets	194.2	(66.4)
			Total net liabilities and total net assets	670.5	(51.7)

Forecasts of Results of Operations for the FY Ending March 31, 2010

(Billions of yen)

	FY Ending March 31, 2010 full year (Current forecast)	Previous forecast (As of Oct. 30, 2009)	Difference		FY Ended March 31, 2009 full year (Actual)	Difference		
			Amount	%		Amount	%	
Consolidated	Net sales	440.0	440.0	0.0	0.0%	617.3	(177.3)	-28.7%
	Operating income	(42.0)	(42.0)	0.0	—	(7.3)	(34.7)	—
	Income before special items	(51.0)	(51.0)	0.0	—	(12.3)	(38.7)	—
	Net income	(61.0)	(61.0)	0.0	—	(25.4)	(35.6)	—
	Net income per share (Yen)	(67.49)	(67.49)	0.00	—	(28.15)	(39.34)	—
Non-consolidated	Net sales	340.0	340.0	0.0	0.0%	477.2	(137.2)	-28.8%
	Operating income	(44.0)	(44.0)	0.0	—	(12.9)	(31.1)	—
	Income before special items	(50.0)	(50.0)	0.0	—	(16.1)	(33.9)	—
	Net income	(57.0)	(57.0)	0.0	—	(26.7)	(30.3)	—
	Net income per share (Yen)	(62.95)	(62.95)	0.00	—	(29.57)	(33.38)	—
Unrealized holding gains on inventories		(24.0)	(21.0)	(3.0)	—	(17.5)	(6.5)	—

(Of which) Stainless Steel Business Results (Non-consolidated)

Net sales	110.0	115.0	(5.0)	-4.3%	150.0	(40.0)	-26.7%	
Income before special items	(16.0)	(13.0)	(3.0)	—	(30.0)	14.0	—	
Unrealized holding gains on inventories		(11.0)	(9.0)	(2.0)	—	(28.0)	17.0	—

Other Information (Non-Consolidated)

	FY Ending Mar. 31, 2010 full year	FY Ended Mar. 31, 2009 full year	Difference
Crude steel production (1,000 tons)	3,320	3,680	(360)
Of which, stainless steel	520	474	46
Sales Volume (1,000 tons)	3,360	3,474	(114)
Of which, stainless steel	470	450	20
Average sales price of steel products (¥1,000/ton)	104	138	(34)
Export ratio (monetary basis;%)	19	17	2
Export exchange rate (¥/U.S.\$)	93	103	(10)
Excess of imports over exports (U.S.\$ million)	670	1,688	(1,018)

Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
FY Ending Mar. 31, 2010 Forecast (Previous)	(51.0)		(13.0)
Sales related	3.0	Volume and composition difference 3.0	(1.0)
Purchasing price	0.0	Zinc (0.5), Steel scrap 0.5	0.0
Cost improvement	0.5		0.0
Subsidiaries	(0.5)		—
Special items	(3.0)	Unrealized holding gains on inventories (3.0)	(2.0)
Total	0.0		(3.0)
FY Ending Mar. 31, 2010 Forecast (Current)	(51.0)		(16.0)

Income Before Special Items Differential Breakdown

Item	Amount (Billions of yen)	Breakdown	Of which, stainless steel
FY Ended Mar. 31, 2009 (Actual)	(12.3)		(30.0)
Sales related	(120.5)	Price difference (102.0), Volume and composition difference (18.5)	(48.0)
Purchasing price	52.0	Coke 11.5, Iron ore 8.5, Chromium 7.0, Oil and gas 4.5, Nickels 13.5	24.0
Cost improvement	40.3	Rationalization 22.5, Exchange rate 7.0, Cost for reduced production (2.0)	21.0
Subsidiaries	(4.0)		—
Special items	(6.5)	Unrealized holding gains on inventories (6.5)	17.0
Total	(38.7)		14.0
FY Ending Mar. 31, 2010 (Forecast)	(51.0)		(16.0)

Outlook for the FY Ending March 31, 2011

◎ We expect demand to grow in the environment-related area, but see no sign of recovery in the construction sector.

Demand in the automobile sector, which was firm, has started to show some sign of uncertainty.

◎ We are concerned about possible increase in the price of raw fuel and its impact.

◎ We will further promote cost reduction programs including the introduction of new measures, reflect increased costs to our sales prices and improve the product mix. We will concentrate on the business in new overseas arenas as well as in such growing markets as the environment and energy sectors.

◎ We will build a strong and flexible company which can respond to rapid and drastic changes. We are also in the process of making a new mid-term management plan to achieve the sustainable growth.

Dividends

The planned year-end dividend is ¥1 per share.

(The year-end dividend for the previous fiscal year was ¥3 per share.)

Reference

Interest-bearing debt (Billions of yen)

D/E ratio

Amount of interest-bearing debt · D/E ratio

	End of March, 2009	End of June, 2009	End of September, 2009	End of December, 2009	End of March, 2010
	Results	Results	Results	Results	Results
Interest-bearing debt (hundred million yen)	2,862	3,095	3,140	3,121	2,990
D/E ratio	1.12	1.46	1.70	1.66	1.52
D/E ratio <net> ※1	0.97	1.27	1.47	1.44	1.32
// (based on the credit rating) ※2	—	—	—	1.15	1.05

※1 (Balance of interest-bearing debt—Current balance of saving)/Equity

※2 Hybrid securities that are accepted as capital according to the credit rating by the Japan Credit Rating Agency

(Interest payment deferral provision·Unsecured corporate bond with prepayment provision <Subordinated corporate bond·Limited to qualified institutional investors>)

D/E ratio for 5 billion yen, 50% of which is considered to be capital.

Purchase Price

	FY Ending March 31, 2010 (Forecast)						
	1Q	2Q	1st half	3Q	4Q	2nd half	
Nickel (US\$/lb)	4.8	5.9	5.3	8.0	8.0	8.0	6.7
Chrome (US ¢ /lb)	87.0	77.0	82.0	97.0	111.0	104.0	93.0
Molybdenum (US\$/lb)	8.9	9.1	9.0	14.5	11.5	13.0	11.0
Zinc (US\$/ton)	1,473	1,762	1,618	2,214	2,400	2,311	1,965
Oil (\$US/bl)	51.2	68.5	59.9	72.8	75.0	74.0	67.0

	FY Ended March 31, 2009 (Actual)						
	1Q	2Q	1st half	3Q	4Q	2nd half	
Nickel (US\$/lb)	13.1	11.7	12.4	8.6	4.9	6.8	9.6
Chrome (US ¢ /lb)	129.0	200.0	164.5	213.0	193.0	203.0	183.8
Molybdenum (US\$/lb)	33.2	33.0	33.1	33.5	16.7	25.1	29.1
Zinc (US\$/ton)	2,113	1,770	1,942	1,185	1,172	1,179	1,561
Oil (\$US/bl)	106.6	124.0	115.3	71.0	42.6	56.8	86.1

Quarterly Operating Results

	FY ending March 31, 2010 (Forecast)						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Net sales	83.9	104.0	187.9	125.7	126.4	252.1	440.0
Operating income	(42.1)	(15.1)	(57.2)	7.1	8.1	15.2	(42.0)
Income before special items	(45.0)	(20.1)	(65.1)	6.2	7.9	14.1	(51.0)
Net income	(52.5)	(21.4)	(73.9)	5.1	7.8	12.9	(61.0)

	FY ended March 31, 2009 (Actual)						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Net sales	164.3	190.6	354.9	163.6	98.8	262.4	617.3
Operating income	5.3	17.8	23.1	3.8	(34.2)	(30.4)	(7.3)
Income before special items	6.7	15.5	22.2	0.0	(34.5)	(34.5)	(12.3)
Net income	3.8	9.2	13.0	(3.1)	(35.3)	(38.4)	(25.4)

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Contact:

Public relations & investor relations team,

General administration dept.

Nisshin Steel Co., Ltd.

Tel:+81 3 3216 5566