
Consolidated Financial Results for
the Third Quarter of the Fiscal Year
ending March 31, 2011

NISSHIN STEEL CO., LTD.

February 7, 2011

Qualitative Information about the 2nd half of FY ending March 31, 2011

▪ Domestic demand has been in a temporary adjustment phase since October, with sales to the manufacturing industry slowing down due to the fading of policy effects and continued sluggishness in the building materials sector, leading to the market sentiments of excess inventory.

Export business remains severe under poor market conditions and the impact of the strong yen.

▪ The situation changed drastically from the end of the year, with higher prices of raw materials and scrap, as well as the effects of the floods in Australia, adding to the impact. Domestic and overseas markets both rebounded, and anticipation of price rises prevailed rapidly.

▪ We are promoting development of demand and applications for strategic products, while pursuing rationalization.

▪ As to stainless steel, despite continuing severity in sales to distributors and sluggish export markets, we are meticulously enhancing our cooperative ties with manufacturers through such activities as development of demand and applications in order to secure income.

In addition, Asian supply-demand balance and market conditions have improved quicker than in case of carbon steel; and currently, recovery is clear and exports are expanding.

Results of Operations for the 3Q of Fiscal Year ending March 31, 2011

(Billions of yen)

	3Q of FY ending March 31, 2011	3Q of FY ended March 31, 2010	Difference	
			Amount	%
Net sales	407.0	313.6	93.4	29.8%
Operating income (loss)	20.0	(50.1)	70.1	—
Income (Loss) before special items	16.3	(58.9)	75.2	—
Net income (loss)	12.8	(68.8)	81.6	—
Net income (loss) per share (Yen)	14.25	(76.17)	90.42	—
Unrealized holding gains (loss) on inventories	8.5	(27.5)	36.0	—
(Of which) Stainless Steel Business Results (Non-consolidated)				
Net sales	102.0	80.0	22.0	27.5%
Income (Loss) before special items	6.5	(18.0)	24.5	—
Unrealized holding gains (loss) on inventories	2.5	(13.0)	15.5	—

Other Information (Non-Consolidated)

	3Q of FY ending March 31, 2011	3Q of FY ended March 31, 2010	Difference
Crude steel production (1,000 tons)	2,875	2,365	510
Of which, stainless steel	418	388	30
Sales Volume (1,000 tons)	2,682	2,371	311
Of which, stainless steel	364	350	14
Average sales price of steel products (¥1,000/ton)	121	103	18
Export ratio (monetary basis:%)	15	20	(5)
Export exchange rate (¥/US\$)	87	93	(6)
Excess of imports over exports (US\$ million)	1,125	444	681

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

3Q of FY ended March 31, 2010	(58.9)	Breakdown	(18.0)
Sales related	67.0	Price difference 44.0、Volume and composition difference 23.0	21.0
Purchasing price	(40.0)	Cock(5.5), Iron ore(18.5), Nickels(9.0), Chromium(3.0)	(13.0)
Cost improvement, etc.	5.2	Rationalization	1.0
Subsidiaries	7.0		-
Unrealized holding gains on inventories	36.0	(27.5)→8.5 (of which Stainless Steel(13.0)→2.5)	15.5
Total	75.2		24.5
3Q of FY ending March 31, 2011	16.3		6.5

Ex. rate: 93→87¥/\$ FeNi: 6.2→9.6\$/Lb FeCr: 87→130 ¢ /Lb

Balance Sheet (Summary)

			(Billions of yen)		
Debit		Vs. March, 2010	Credit		Vs. March, 2010
Cash on hand and in banks	16.8	(24.8)	Interest-bearing debt	289.1	(8.6)
Accounts receivable	85.7	14.0	Other liabilities	166.9	(0.2)
Inventories	139.8	20.2	Total liabilities	456.1	(8.9)
Other current assets	15.9	5.9	Common stock and additional paid-in capital	129.8	—
Tangible fixed assets and intangible fixed assets	251.3	(14.8)	Retained earnings	96.5	11.9
Deffered tax assets	10.8	2.5	Treasury stock, at cost	(26.4)	(0.0)
Investments	144.8	(8.1)	Valuation and translation adjustments	3.0	(8.2)
			Minority interests	6.2	0.3
Total assets	665.4	(4.9)	Total net assets	209.2	3.9
			Total liabilities and total net assets	665.4	(4.9)

Forecasts of Results of Operations for the Fiscal Year ending March 31, 2011

(Billions of yen)

		FY ending March 31, 2011 (Forecast) (A)	FY ended March 31, 2010 (B)	Difference (A) - (B)	FY ending March 31, 2011 (Previous Forecast) (C)	Difference (A) - (C)
Consolidated	Net sales	540.0	441.4	98.6	530.0	10.0
	Operating income (loss)	22.0	(43.2)	65.2	22.0	0.0
	Income (Loss) before special items	18.0	(53.7)	71.7	18.0	0.0
	Net income (loss)	12.0	(61.7)	73.7	13.0	(1.0)
	Net income (loss) per share (Yen)	13.28	(68.28)	81.56	14.38	(1.10)
Non-consolidated	Net sales	430.0	345.1	84.9	430.0	0.0
	Operating income (loss)	19.0	(46.2)	65.2	19.0	0.0
	Income (Loss) before special items	13.0	(52.5)	65.5	13.0	0.0
	Net income (loss)	10.0	(58.0)	68.0	11.0	(1.0)
Unrealized holding gains (loss) on inventories		9.0	(26.5)	35.5	9.0	0.0
(Of which) Stainless Steel Business Results (Non-consolidated)						
Net sales		140.0	115.0	25.0	140.0	0.0
Income (Loss) before special items		8.0	(16.5)	24.5	7.5	0.5
Unrealized holding gains (loss) on inventories		2.5	(11.5)	14.0	2.5	0.0

Other Information (Non-Consolidated)

	1st half of ending March 31, 2011	2nd half of ending March 31, 2011 (Forecast)	FY ending March 31, 2011 (Forecast)
Crude steel production (1,000 tons)	1,920	1,887	3,807
Of which, stainless steel	285	276	561
Sales Volume (1,000 tons)	1,844	1,716	3,560
Of which, stainless steel	250	250	500
Average sales price of steel products (¥1,000/ton)	119	125	122
Export ratio (monetary basis:%)	16	14	15
Export exchange rate (¥/US\$)	89	84	87
Excess of imports over exports (US\$ million)	636	886	1,522

	1st half of ended March 31, 2010	2nd half of ended March 31, 2010	FY Ended March 31, 2010
Crude steel production (1,000 tons)	1,475	1,846	3,321
Of which, stainless steel	251	289	540
Sales Volume (1,000 tons)	1,453	1,889	3,342
Of which, stainless steel	216	263	479
Average sales price of steel products (¥1,000/ton)	99	110	105
Export ratio (monetary basis:%)	23	17	19
Export exchange rate (¥/US\$)	95	90	92
Excess of imports over exports (US\$ million)	286	339	625

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

1st half of ending March 31, 2011	11.7	Breakdown	5.0
Sales related	4.5	Price difference 6.0、Volume and composition difference (1.5)	2.0
Purchasing price	(14.0)	Cock(2.0)、Iron ore(8.5)、Nickels(1.5)、Cromium(1.0)	(3.0)
Cost improvement, etc.	7.6	Rationalization, Exchange rate 5.0	0.5
Subsidiaries	(0.5)		-
Unrealized holding gains on investories	(3.0)	6.0→3.0 (of which Stainless Steel 2.0→0.5)	(1.5)
Total	(5.4)		(2.0)
2nd half of ending March 31, 2011 (Forecast)	6.3		3.0

Ex. rate : 89→84¥/\$ FeNi: 9.6→10.2\$/Lb FeCr: 127→138 ¢ /Lb

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

FY ended March 31, 2010	(53.7)	Breakdown	(16.5)
Sales related	78.5	Price difference 55.5, Volume and composition difference 23.0	26.0
Purchasing price	(60.5)	Cock(12.5), Iron ore(28.5), Nickels(11.0), Chromium(5.0)	(17.0)
Cost improvement, etc	10.7	Rationalization, Exchange rate 8.5	1.5
Subsidiaries	7.5		—
Unrealized holding gains on inventories	35.5	(26.5)→9.0 (of which Stainless Steel(11.5)→2.5)	14.0
Total	71.7		24.5
FY ending March 31, 2011(Forecast)	18.0		8.0

Ex. rate : 92→87¥/\$ FeNi: 6.7→9.9\$/Lb FeCr: 93→132 ¢ /Lb

Income Before Special Items Differential Breakdown

(Billions of yen)(Of which, stainless steel)

FY ending March 31, 2011(Previous Forecast)	18.0	Breakdown	7.5
Sales related	0.5	Price difference(0.5), Volume and composition difference 1.0	0.5
Purchasing price	(2.0)	Iron ore(1.0), Nickels(0.5)	(0.5)
Cost improvement, etc.	1.5	Rationalization, Exchange rate 1.0	0.5
Subsidiaries	0.0		-
Unrealized holding gains on inventories	0.0	9.0→9.0 (of which Stainless Steel 2.5→2.5)	0.0
Total	0.0		0.5
FY ending March 31, 2011(Forecast)	18.0		8.0

Ex. rate : 87→87¥/\$ FeNi: 9.7→9.9\$/Lb FeCr: 132→132 ¢ /Lb

In the New Fiscal Year

- Domestically, business with the manufacturing industry will decrease under fading policy effects, but building materials are showing modest recovery and total volume is expected to remain virtually unchanged from the current fiscal year.
 - We will actively advance development of demand and applications in environmental and other new areas, as well as in emerging regions centered on Asia.
 - With large price increases expected for raw materials, we will strive to gain customers' understanding on product price revisions in line with raw materials, while pursuing rationalization and overall cost reductions.
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- For strengthening our business competitiveness and attaining future growth, we will advance the policies of our 22nd Mid-Term Consolidated Business Plan on a project team basis.
 - * We will energize our overseas business through establishment of Nissin Steel Asia and utilization of Bahru Stainless scheduled to come on stream in 2011.
 - * Through the start of ZAM production at the Ichikawa Works, we will boost sales of ZAM and increase flexibility in our coating operations.
 - * We will strengthen the Group-wide pre-painted construction materials business by consolidating the painting lines of Nisshin A&C Co., Ltd.
 - At the same time, to achieve income under this plan, we will carry out concrete programs with the goal of slashing over ¥20 billion during the two-year period of the Plan.

Dividends

The planned year-end dividend is ¥2 per share.
(Previous year : ¥1 per share)

Reference

Interest-bearing debt and D/E ratio

	March 2010	June 2010	September 2010	December 2010
Interest-bearing debt (Billions of yen)	297.8	297.4	293.8	289.1
D / E ratio	1.49	1.55	1.50	1.42
〃 (based on the credit rating) ※	1.22	1.26	1.21	1.16

※ 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, 2011						
	1Q	2Q	1st half	3Q	4Q (Forecast)	2nd half (Forecast)	Full year (Forecast)
Nickel(\$/lb)	9.05	10.19	9.62	9.61	10.71	10.16	9.89
Chrome(¢ /lb)	109.0	144.0	126.5	138.0	138.0	138.0	132.3
Molvbdenum(\$/lb)	15.6	16.4	16.0	15.0	15.7	15.4	15.7
Oil(\$/bl)	79.2	73.5	76.4	79.7	90.0	84.9	80.6
Scrap(thousand of yen/t)	36.7	30.2	33.5	30.5	35.0	32.8	33.1
Zinc(\$/t)	2,026	2,013	2,020	2,315	2,500	2,408	2,214

	FY ended March 31, 2010						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Nickel(\$/lb)	4.75	5.86	5.31	8.03	7.95	7.99	6.65
Chrome(¢ /lb)	87.0	77.0	82.0	97.0	111.0	104.0	93.0
Molvbdenum(\$/lb)	8.9	9.1	9.0	14.5	11.6	13.0	11.0
Oil(\$/bl)	51.2	68.5	59.9	72.8	75.2	74.0	67.0
Scrap(thousand of yen/t)	19.4	27.4	23.4	24.6	29.1	26.8	25.1
Zinc(\$/t)	1,473	1,762	1,618	2,214	2,289	2,251	1,935

Quarterly Operating Results

[Consolidated]

(Billions of yen)

	FY ending March 31, 2011						
	1Q	2Q	1st half	3Q	4Q (Forecast)	2nd half (Forecast)	Full year (Forecast)
Net sales	132.8	143.2	276.0	131.0	133.0	264.0	540.0
Operating income	4.3	10.5	14.8	5.2	2.0	7.2	22.0
Income before special items	1.6	10.1	11.7	4.6	1.7	6.3	18.0
Net income (loss)	0.3	9.1	9.4	3.4	(0.8)	2.6	12.0

[Non-consolidated]

	FY ended March 31, 2010						
	1Q	2Q	1st half	3Q	4Q	2nd half	Full year
Net sales	83.9	104.0	187.9	125.7	127.8	253.5	441.4
Operating income (loss)	(42.1)	(15.1)	(57.2)	7.1	6.9	14.0	(43.2)
Income (Loss) before special items	(45.0)	(20.1)	(65.1)	6.2	5.2	11.4	(53.7)
Net income (loss)	(52.5)	(21.4)	(73.9)	5.1	7.1	12.2	(61.7)

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Toyo Works (photo:Tetsu Ishii)