
Consolidated Financial Results for the Second Quarter of the Fiscal Year ending March 31, 2012

Results of Operations for the 2Q of Fiscal Year ending March 31, 2012

(Billion of yen)		FY2012			FY2011 (Actual)			FY2012 (Previous Forecast)
		1st half (Actual)	2nd half (Forecast)		1st half	2nd half		
consolidated	Net sales	280.3	284.7	565.0	276.0	269.3	545.3	590.0
	Operating income	7.3	6.7	14.0	14.8	9.1	23.9	25.0
	Income before special items	6.8	4.2	11.0	11.7	6.8	18.5	24.0
	Net income	3.9	3.1	7.0	9.4	2.6	12.0	21.0
	Net income per share (yen)	4.34	3.41	7.75	10.51	2.82	13.33	23.24
Non- consolidated	Net sales	224.7	235.3	460.0	219.7	217.3	437.0	480.0
	Operating income	5.5	4.5	10.0	11.8	7.6	19.4	21.0
	Income before special items	2.5	0.5	3.0	9.8	3.7	13.5	14.0
	Net income	0.9	0.1	1.0	8.8	1.5	10.3	12.0
Unrealized holding gains on inventories		4.0	(3.0)	1.0	6.0	2.0	8.0	9.0
(Of which) Stainless Steel Business Results								
Net sales		73.0	70.0	143.0	70.0	70.0	140.0	152.0
Income before special items		3.0	(2.0)	1.0	5.0	3.0	8.0	6.0
Unrealized holding gains on inventories		0.5	(3.5)	(3.0)	2.0	0.0	2.0	2.0

Sales Condition[Non-Consolidated]

		FY2012			FY2011(Actual)			FY2012 (Previous Forecast)
		1st half (Actual)	2nd half (Forecast)		1st half	2nd half		
Net volume (10,000tons)	Ordinary Steel, etc.	149	162	311	159	150	309	309
	Stainless steel	25	26	51	25	25	50	52
	Total	174	188	362	184	175	359	361
Net sales (Billion of yen)	Ordinary Steel, etc.	151.7	165.3	317.0	149.7	147.3	297.0	328.0
	Stainless steel	73.0	70.0	143.0	70.0	70.0	140.0	152.0
	Total	224.7	235.3	460.0	219.7	217.3	437.0	480.0
Export ratio (%)		15%	14%	15%	16%	15%	16%	14%
Income before special items (Billion of yen)	Ordinary Steel, etc.	(0.5)	2.5	2.0	4.8	0.7	5.5	8.0
	Stainless steel	3.0	(2.0)	1.0	5.0	3.0	8.0	6.0
	Total	2.5	0.5	3.0	9.8	3.7	13.5	14.0
Average sales price of steel products (¥1,000/ton)		129	125	127	119	125	122	133
Export exchange rate (¥/US\$)		80	77	78	89	82	86	80
Crude steel production (10,000tons)	Ordinary Steel, etc.	160	165	325	164	161	325	320
	Stainless steel	30	29	59	28	29	57	59
	Total	190	194	384	192	190	382	379

Sales by major divisions in Japan (Volume basis)

	Automotive	Construction	Electronics	Spot	Others	Total
1st half of FY ending March 31,2012	29%	24%	14%	14%	19%	100%
FY ended March 31, 2011	33%	21%	13%	13%	20%	100%
FY ended March 31, 2010	35%	22%	11%	13%	19%	100%

Export ratio

	Ordinary steel, etc.	Stainless steel	Total
1st half of FY ending March 31,2012	11%	25%	15%
FY ended March 31, 2011	13%	22%	16%
FY ended March 31, 2010	14%	31%	19%

※ Others: Industrial machineries, Commercial and Home kitchen, etc

Income Before Special Items Differential Breakdown

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

2nd half of FY2011	6.8	Breakdown	3.0
Sales related	8.5	Price difference 8.5	1.5
Purchasing price	(13.0)	Iron ore(4.0), Coke(7.0), Nickels(1.0), Oil(2.0)	(1.5)
Cost improvement, etc.	1.0	Rationalization, Exchange rate	(0.5)
Subsidiaries	1.5	Unconsolidated subsidiaries 1.0, Wheeling-Nisshin 0.5	—
Unrealized holding gains on inventories	2.0	2.0→ 4.0 (Of which, stainless steel 0.0→ 0.5)	0.5
Total	0.0		0.0
1st half of FY2012	6.8		3.0

Ex.rate:82→80¥/\$ FeNi:10.2→11.6\$/Lb FeCr:138→138¢/Lb

Income Before Special Items Differential Breakdown

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

1st half of FY2012(Actual)	6.8	Breakdown	3.0
Sales related	(2.5)	Price difference(4.5), Volume and Composition difference 2.0	(4.0)
Purchasing price	4.0	Iron ore(1.0), Coke(0.5), Nickels 4.0, Zinc 1.0	4.0
Cost improvement, etc.	4.9	Rationalization, Exchange rate	(1.0)
Subsidiaries	(2.0)	Unconsolidated subsidiaries(1.5), Wheeling-Nisshin(0.5)	—
Unrealized holding gains on inventories	(7.0)	4.0→(3.0) (Of which, Stainless steel 0.5→(3.5))	(4.0)
Total	(2.6)		(5.0)
2nd half of FY2012(Forecast)	4.2		(2.0)

Ex.rate:80→77¥/\$ FeNi:11.6→9.3\$/Lb FeCr:138→128 ¢ /Lb

Income Before Special Items Differential Breakdown

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

FY2011(Actual)	18.5	Breakdown	8.0
Sales related	25.0	Price difference 22.5, Volume and Composition difference 2.5	3.5
Purchasing price	(38.0)	Iron ore(15.0), Coke(15.0), Oil(5.0), Chromium(1.0)	(3.0)
Cost improvement, etc.	12.0	Rationalization, Exchange rate	(2.5)
Subsidiaries	0.5	Unconsolidated subsidiaries 1.5, Wheeling-Nisshin(0.5), Consolidated subsidiaries(0.5)	—
Unrealized holding gains on inventories	(7.0)	8.0→1.0 (Of which, Stainless steel 2.0→(3.0))	(5.0)
Total	(7.5)		(7.0)
FY2012(Forecast)	11.0		1.0

Ex.rate:86→78¥/\$ FeNi:9.9→10.4\$/Lb FeCr:132→133 ¢ /Lb

Income Before Special Items Differential Breakedown

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

FY2012(Previous forecast)	24.0	Breakdown	6.0
Sales related	(14.0)	Price difference(12.5)Volume and Composition difference(1.5)	(5.5)
Purchasing price	9.0	Iron ore 1.5, Coke 2.5, Oil(0.5), Nickels 3.0	5.0
Cost improvement, etc.	2.0	Rationalization, Exchange rate	0.5
Subsidiaries	(2.0)	Unconsolidated subsidiaries(2.0)	—
Unrealized holding gains on inventories	(8.0)	9.0→1.0 (Of which, Stainless steel 2.0→(3.0))	(5.0)
Total	(13.0)		(5.0)
FY2012(Forecast)	11.0		1.0

Ex.rate:80→78¥/\$ FeNi:11.3→10.4\$/Lb FeCr:133→133 ¢ /Lb

Balance Sheet

Debit	Consolidated		Credit	(Billions of yen) Consolidated	
		Vs Mar. 31 , 2011			Vs Mar. 31 , 2011
Cash on hand and in banks	18.8	0.4	Interest-bearing debt	280.5	(2.3)
Accounts receivable	79.6	(10.9)	Deferred tax liabilities	1.0	0.0
Inventories	147.6	14.0	Other liabilities	171.7	(3.0)
Other current assets	18.7	0.2	Total liabilities	453.4	(5.3)
Tangible and intangible fixed assets	238.7	(10.6)	Common stock and additional paid-in capital	129.8	—
Deferred tax assets	13.8	3.0	Retained earnings	97.8	2.1
Investments in securities	139.3	(3.1)	Treasury stock, at cost	(26.4)	(0.0)
Total assets	656.8	(7.0)	Accumulated other comprehensive income	(4.1)	(3.8)
			Minority interests	6.4	0.1
			Total net assets	203.4	(1.6)
			Total liabilities and net assets	656.8	(7.0)

Interest-Bearing Debt and D/E ratio

	March 2011	June 2011	September 2011
Interest-bearing debt (Billion of yen)	282.9	289.7	280.5
D/E ratio	1.42	1.44	1.42
" (based on the credit rating) ※	1.15	1.17	1.15

※ 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.

References

Investment and Depreciation

	(Billions of yen)	
	FY ended March 31, 2011	FY ended September 30, 2012
Capital expenditures (Tangible)	20.3	7.1
Depreciation	38.4	18.7

Labor cost and Number of employee

	FY ended March 31, 2011	FY ending March 31, 2012		
		1st half (Actual)	2nd half (Forecast)	Full year
Labor cost(Non-consolidated) (Billions of yen)	32.0	17.1	17.1	34.2
Number of employee	6,074	6,089	–	–

Purchase Price

	FY ended March 31,2011(Actual)			FY ending March 31,2012		
	1st half	2nd half	Full year	1st half (Actual)	2nd half (Forecast)	Full year
Nickel(\$/Lb)	9.6	10.2	9.9	11.6	* 9.3	10.4
Chromium(¢ /Lb)	126.5	138.0	132.3	138.0	128.0	133.0
Molybdenum(\$/Lb)	16.0	15.4	15.7	17.0	14.3	15.7
Oil(\$/b)	76.4	86.8	81.6	109.3	105.0	107.2
Ferrous scrap(¥1,000/t)	33.5	34.2	33.8	36.1	33.0	34.6
Zinc(\$/t)	2,020	2,355	2,187	2,241	1,900	2,070

*1Q: 10.0\$/lb、2Q: 8.5\$/lb

Distribution Ownership by Shareholder Group

(Thousands)

	Ended September 30, 2010		Ended March 31, 2011		Ended September 30, 2011	
		%		%		%
Financial institutions	383,653	38.6%	380,117	38.2%	382,965	38.5%
Securities Companies	12,679	1.3%	12,312	1.2%	8,338	0.8%
Other companies	198,248	19.9%	206,685	20.8%	206,723	20.8%
Foreign	126,201	12.7%	132,571	13.3%	133,036	13.4%
Tresury stock	89,079	9.0%	89,113	9.0%	89,130	9.0%
Individuals	184,640	18.5%	173,702	17.5%	174,308	17.5%
Total stock	994,500					

Quarterly Operating Results

[Consolidated]

(Billions of yen)	FY ended March 31,2011(Actual)						FY ending March 31,2012					
	1st half			2nd half			Total	1st half (Actual)			2nd half (Forecast)	
	1Q	2Q		3Q	4Q			1Q	2Q			
Net sales	132.8	143.2	276.0	131.0	138.3	269.3	545.3	136.9	143.4	280.3	284.7	565.0
Operating income	4.3	10.5	14.8	5.2	3.9	9.1	23.9	2.9	4.4	7.3	6.7	14.0
Income before special items	1.6	10.1	11.7	4.6	2.2	6.8	18.5	3.4	3.4	6.8	4.2	11.0
Net income	0.3	9.1	9.4	3.4	(0.8)	2.6	12.0	2.1	1.8	3.9	3.1	7.0
Unrealized holding gains on investories	4.0	2.0	6.0	2.5	(0.5)	2.0	8.0	3.0	1.0	4.0	(3.0)	1.0

[Non-consolidated]

Net sales	Ordinary steel, etc	70.5	79.2	149.7	72.6	74.7	147.3	297.0	72.3	79.4	151.7	165.3	317.0
	Stainless steel	35.0	35.0	70.0	32.0	38.0	70.0	140.0	37.0	36.0	73.0	70.0	143.0
	Total	105.5	114.2	219.7	104.6	112.7	217.3	437.0	109.3	115.4	224.7	235.3	460.0
Operating income		2.4	9.4	11.8	4.4	3.2	7.6	19.4	1.7	3.8	5.5	4.5	10.0
Income before special items	Ordinary steel, etc	(0.9)	5.7	4.8	0.6	0.1	0.7	5.5	(1.1)	0.6	(0.5)	2.5	2.0
	Stainless steel	1.0	4.0	5.0	1.5	1.5	3.0	8.0	2.0	1.0	3.0	(2.0)	1.0
	Total	0.1	9.7	9.8	2.1	1.6	3.7	13.5	0.9	1.6	2.5	0.5	3.0
Net income		(0.5)	9.3	8.8	2.0	(0.5)	1.5	10.3	0.4	0.5	0.9	1.0	1.9
Unrealized holding gains on investories	Ordinary steel, etc	2.0	2.0	4.0	2.0	0.0	2.0	6.0	2.0	1.5	3.5	0.5	4.0
	Stainless steel	2.0	0.0	2.0	0.5	(0.5)	0.0	2.0	1.0	(0.5)	0.5	(3.5)	(3.0)
	Total	4.0	2.0	6.0	2.5	(0.5)	2.0	8.0	3.0	1.0	4.0	(3.0)	1.0

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Kure Works

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