May 11th, 2018

Daido Metal Co., Ltd.

DAIDO METAL

FY2017 Consolidated Financial Results Highlights

（Unit: JPY Million）

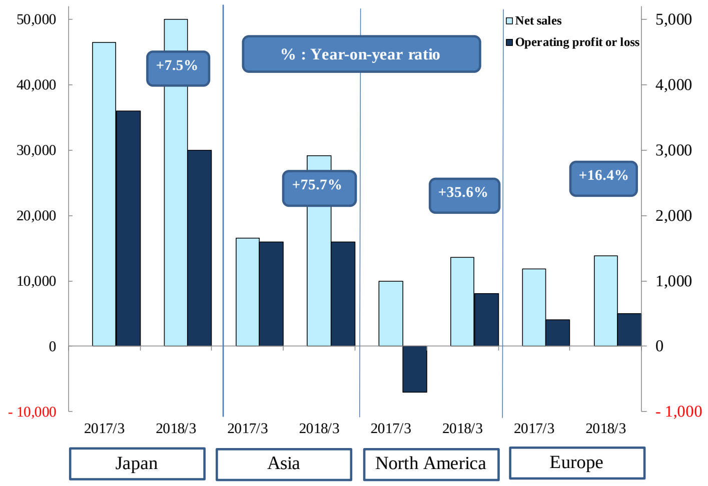
2018/3 Financial Results	2017/3 Amount	2017/3 %	2018/3 Amount	2018/3 %	Year-to-year comparison Amount	Year-to-year comparison %
Net sales	85,073	100.0%	106,648	100.0%	21,575	25.4%
Operating income	5,103	6.0%	6,511	6.1%	1,407	27.6%
Non-operating income	1,123	1.3%	1,416	1.3%	293	26.1%
Non-operating expenses	799	0.9%	1,219	1.1%	419	52.5%
Interest expense	455	0.5%	768	0.7%	313	68.8%
Foreign exchange losses	101	0.1%	157	0.1%	55	54.7%
Ordinary income	5,427	6.4%	6,708	6.3%	1,281	23.6%
Extraordinary gains	200	0.2%	-	-	-200	-
Extraordinary losses	2,449	2.9%	141	0.1%	-2,308	- 94.2%
Profit before income taxes	3,178	3.7%	6,567	6.2%	3,389	106.6%
Income tax, etc.	1,714	2.0%	2,221	2.1%	506	29.6%
Income taxes-deferred	-1,086	- 1.3%	217	0.2%	1,303	-
Profit attributable to non-controlling interests	-85	- 0.1%	846	0.8%	932	-
Profit attributable to owners of parent	2,635	3.1%	3,281	3.1%	645	24.5%
Exchange rate (USD)	116.49		113.00		Exchange rate is TTM rate	
Exchange rate (EUR)	122.70		134.94		as of December 31.	

Results for the period	Results 2015/3	Results 2016/3	Results 2017/3	Results 2018/3	Forecast 2018/9	Forecast 2019/3
Net sales	85,015	81,400	85,073	106,648	52,500	107,000
Operating income	7,633	7,114	5,103	6,511	2,800	6,700
(Operating margin)	(9.0%)	(8.7%)	(6.0%)	(6.1%)	(5.3%)	(6.3%)
Ordinary income	8,129	6,796	5,427	6,708	2,900	6,900
(Ordinary income margin)	(9.6%)	(8.3%)	(6.4%)	(6.3%)	(5.5%)	(6.4%)
Profit attributable to owners of parent	4,459	3,919	2,635	3,281	1,800	4,700
(Net profit margin)	(5.2%)	(4.8%)	(3.1%)	(3.1%)	(3.4%)	(4.4%)
Exchange rate (USD)	120.55	120.61	116.49	113.00	105.00	
Exchange rate (EUR)	146.54	131.77	122.70	134.94	130.00	
	Exchange rate is TTM rate as of December 31.					

Segment	Net sales to external customers 2017/3 Amount	2017/3 %	2018/3 Amount	2018/3 %	Year-to-year comparison Amount	Year-to-year comparison %
Automotive engine bearings	59,365	69.8%	65,265	61.2%	5,899	9.9%
Automotive non-engine bearings	12,757	15.0%	14,266	13.4%	1,508	11.8%
Non-automotive bearings	9,691	11.4%	9,324	8.7%	-366	- 3.8%
Other automotive parts	1,241	1.4%	15,573	14.6%	14,331	1154.6%
Others (*1)	2,017	2.4%	2,219	2.1%	201	10.0%
Total	85,073	100.0%	106,648	100.0%	21,575	25.4%

(*1) "Others" includes real estate leasing business, metallic dry bearings business, and pump-related products businesses.

Net sales and operating profit and loss by region
(before elimination of inter-segment transactions)



Financial ratios	2015/3	2016/3	2017/3	2018/3	Comparison with 2017/3
Operating margin	9.0%	8.7%	6.0%	6.1%	＋0.1pt
Return on Equity (ROE)	10.8%	9.0%	5.9%	6.9%	＋1.0pt
Net assets to total assets	37.4%	35.8%	29.1%	30.6%	＋1.5pt
Net interest bearing debt	17,964	23,237	49,108	52,129	3,020

Capital Expenditure Depreciation	2014/3	2015/3	2016/3	2017/3	2018/3	Year-to-year comparison
Capital Expenditure	10,838	10,597	14,802	12,329	8,694	-3,635
Depreciation	5,027	5,744	6,259	6,751	8,795	2,043

<Overview (year-on-year comparison)>

[Net sales] Increased by 21,570 million yen (up 25.4%)

<Domestic> Increased by 3,490 million yen. (up 7.5%)
Addition of sales, 2,160 million yen, of two companies acquired in the previous period contributed to a large part of sales increase. Car related sales increased for automotive engine bearings and bearings for turbochargers due to increased domestic car production. Decrease in ship sector sales due to continued excess tonnage. Increase in construction machinery sector due to increased demand in China and America.

<Overseas> Increased by 18,070 million yen. (up 47.0%)
Sales of 12,160 million yen of overseas companies acquired in the previous period was the main reason for significant sales increase. Besides, sales increased in Europe (including Russia) and Asia, and also for automotive bearings and bearings for construction machinery in North America.

[Profit]
Operating income was 6,511 million yen, increased by 1,407 million yen, despite the rise in material cost and one-off cost incurred by two group of companies acquired in the previous period. Sudden rise in order at Mexico plant in previous period which resulted in the increase in the temporary cost, now stabilized and increased production in Mexico contributed to the profit rise. Ordinary income was 6,708 million yen, increased by 1,281 million yen. Profit attributable to owners of parent was 3,281 million yen, increased by 645 million yen.

<Forecast of FY2018 financial results >

Please refer to the left column for forecast of 2018/9 and 2019/3 financial results.

<Dividend >

	2016/3	2017/3	2018/3	2019/3 (Plan)
Interim	13	15	15	Plan 15
Year-end	13	15	Plan 15	Plan 15
Annual	26	30	Plan 30	Plan 30

For next period, annual dividend is planned as 30 yen per share.

<By region (year-on-year comparison)>

[Domestic] Up 7.5%
<Car related> Sales increased for bearings for turbochargers and high value-added engine bearings, mainly due to increased domestic car production.
<Construction Machinery related> Sales increased, including exports.
<Ship related> Decreased sales and exports for bearings for low-speed marine diesel engines and bearings for mid to high-speed marine diesel engines.
<General industry related> Demand for special types of bearings for fossil fuel power plant was weak, while demand increased for bearings for renewable energy facilities.
Operating income decreased due to the rise in material cost and the increase in general and administrative expenses such as cost of outsourcing and delivery.

[Overseas] (For subsidiaries whose accounting period ends on December 31, from January to December.)
<Asia> Up 75.7%.
Significant increase in sales due to firm demand for automotive engine bearings in China and Thailand, and 10,096 million yen added by two overseas group companies acquired in the previous period. Slight decrease in profit due to rise in material cost and an amortization of goodwill of two group companies.
[North America] Up 35.6%.
Significant increase in sales with increased production in plant in Mexico, recovered demand from construction machinery sector and 2,069 million yen added by two overseas group companies acquired in the previous period.
[Europe] Up 16.4%.
Sales and profit increased due to firm demand for automotive sector.

(*2) Future prospects are prepared as information purpose only, based on the information available to us at this moment, and are under certain condition which we assumed reasonable. We will not guarantee the realization of such prospects, and actual performance fluctuates due to various factors.
(*3) The Company finalized the provisional accounting treatment for the business combination of ATA Casting Technology Japan Co., Ltd. in the period ended March 31, 2018.
Consolidated financial statements for the previous period ended March 31, 2017 and related financial ratios are restated for the resulting revision of previously allocated cost of acquisition.