

Business Results for the Six Months of the Fiscal Year Ending March 31, 2016

November 11, 2015

The Japan Steel Works, LTD.

Ikuo Sato, Representative Director & President

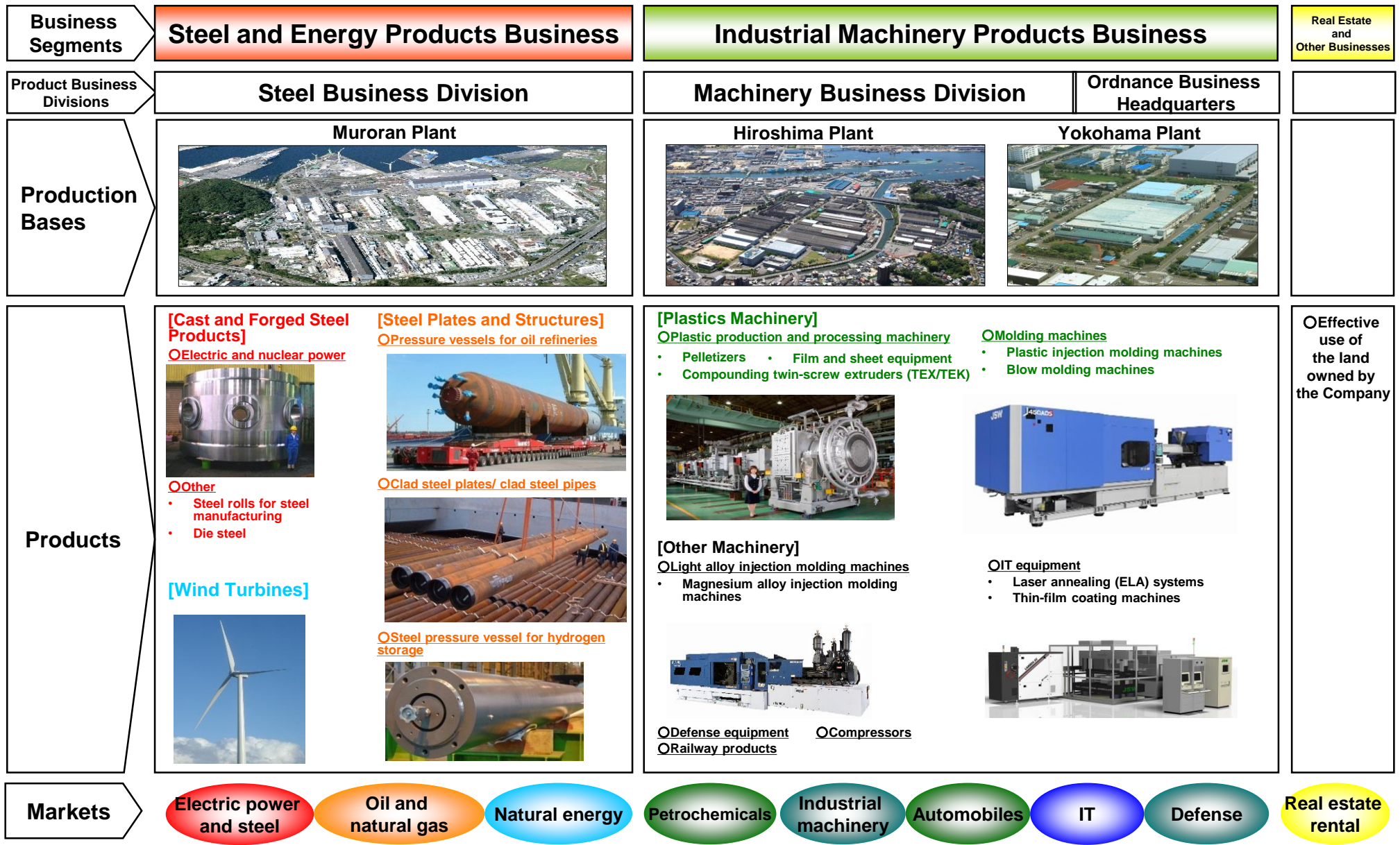
Cautionary Note

- The performance forecasts and other forward-looking statements included in this report are based on the information that was available to The Japan Steel Works, LTD. (the “Company”) and certain assumptions deemed to be reasonable at the time this report was prepared, and the actual results may differ significantly from these forecasts due to a variety of reasons.
- Unless otherwise noted, “original forecast values” are those released on May 20, 2015.

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Structure and Products of Business Divisions



Section 1 Actual Results and Full-year Forecast
for the Six Months Ended September 30, 2015
(Interim period of the fiscal year ending March 31, 2016)

(1) Overview of Financial Results

(Unit: Billions of yen)

(Interim Period)

	FY2014	FY2015		
		Original forecast (A)	Actual results (B)	Compared to original forecast (B)-(A)
Orders received	101.8	86.0	96.2	10.2
Net sales	94.1	96.5	94.6	(1.9)
Operating income (ratio)	3.6 3.8%	3.3 3.4%	5.0 5.3%	1.7
Ordinary income	4.8	3.5	5.3	1.8
Profit (Loss)	(7.3)	2.0	3.2	1.2
Profit (Loss) per share (yen)	(19.85)	5.40	8.84	3.44
Dividends per share (yen)	2.0	2.5	2.5	0.0

(Full Year)

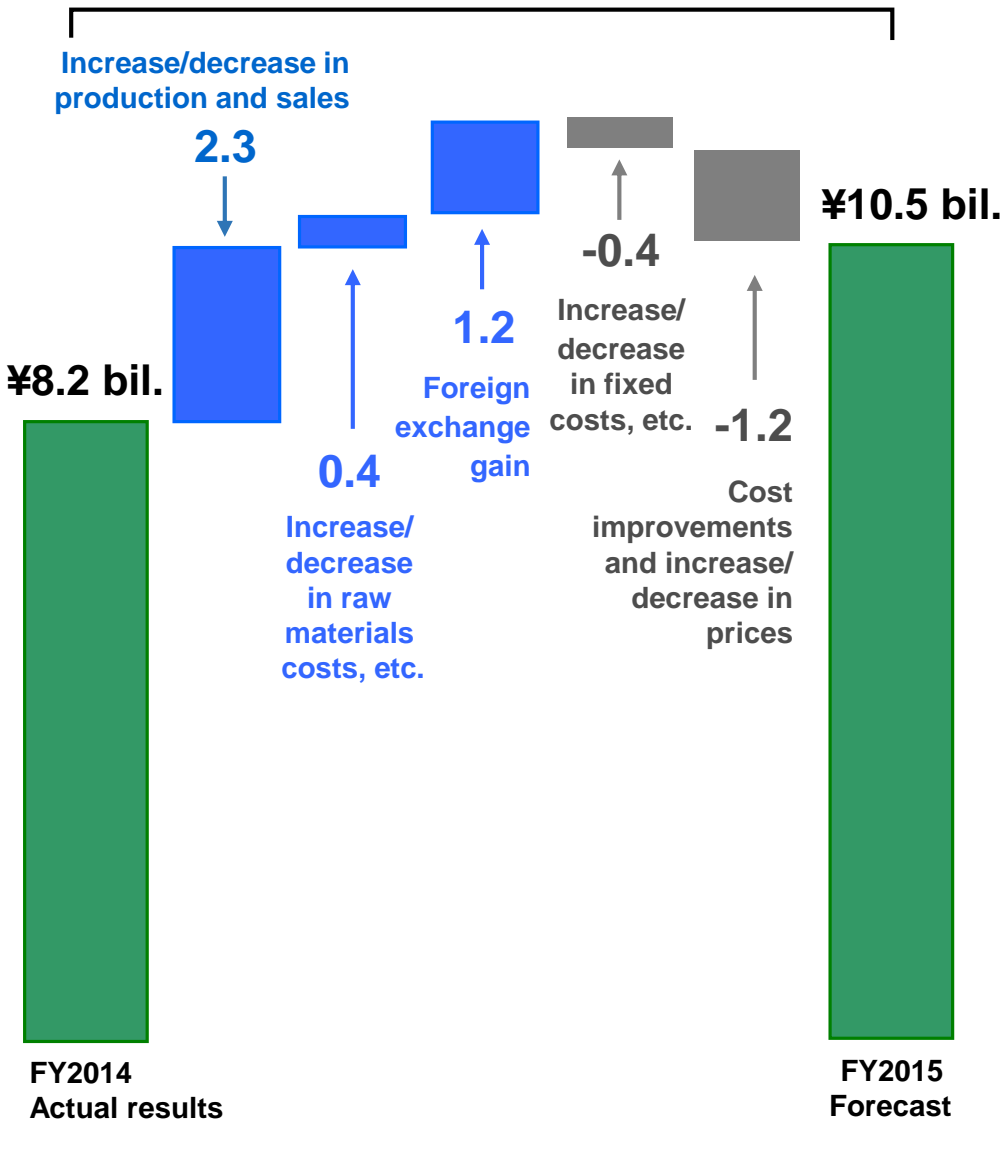
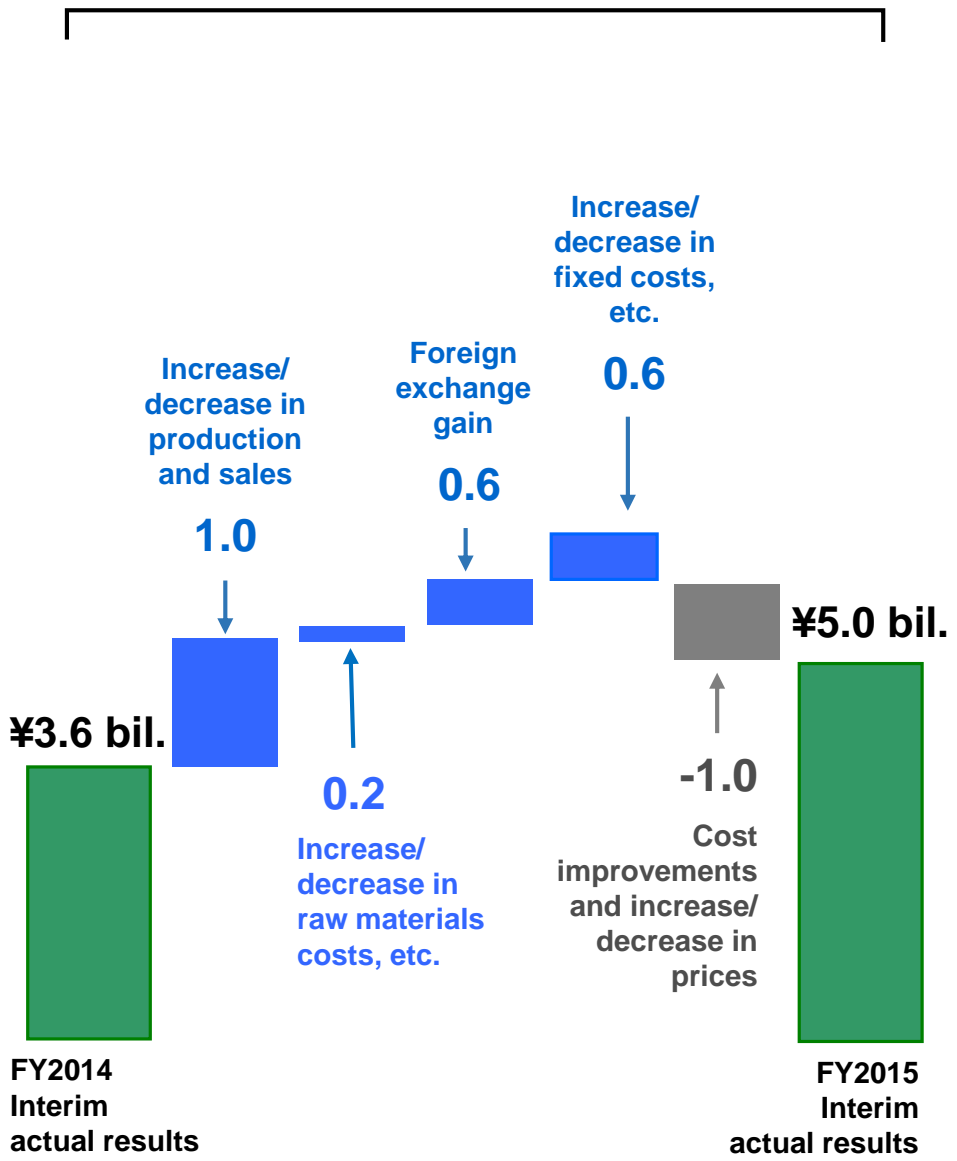
	FY2014	FY2015		
		Original forecast (C)	Forecast (D)	Compared to original forecast (D)-(C)
Orders received	205.9	210.0	210.0	0.0
Net sales	194.6	210.0	210.0	0.0
Operating income (ratio)	8.2 4.2%	10.0 4.8%	10.5 5.0%	0.5
Ordinary income	9.9	10.5	11.0	0.5
Profit (Loss)	(3.7)	6.7	6.7	0.0
Profit (Loss) per share (yen)	(10.10)	18.09	18.24	0.15
Dividends per share (yen)	4.0	5.0	5.0	0.0

(2) Analysis of Factors Contributing to Change in Operating Income

(Unit: Billions of yen)

1.4

2.3



(3) Net Sales, Operating Income and Orders Received by Segment

(Unit: Billions of yen)

Steel and Energy Products Business

	FY 2014 Interim (A)	FY2015 Interim	
		Actual results (B)	Compared to the previous year (B)-(A)
Orders received	41.8	18.0	(23.8)
Net sales	34.1	31.3	(2.8)
Operating income (loss) (ratio)	(2.1) -6.3%	(0.4) -1.4%	1.7

FY2014 Full year (C)	FY2015 Full year			
	Original forecast (D)	Forecast (E)	Compared to the previous year (E)-(C)	Compared to original forecast (E)-(D)
68.4	58.0	52.5	(15.9)	(5.5)
66.2	77.5	77.5	11.3	0.0
(3.2) -4.8%	0.0 0.0%	(0.5) -0.6%	2.7	(0.5)

Industrial Machinery Products Business

	FY 2014 Interim (A)	FY2015 Interim	
		Actual results (B)	Compared to the previous year (B)-(A)
Orders received	59.0	77.0	18.0
Net sales	59.0	62.1	3.1
Operating income (loss) (ratio)	6.0 10.2%	5.3 8.5%	(0.7)

FY2014 Full year (C)	FY2015 Full year			
	Original forecast (D)	Forecast (E)	Compared to the previous year (E)-(C)	Compared to original forecast (E)-(D)
135.3	150.0	155.5	20.2	5.5
126.3	130.5	130.5	4.2	0.0
11.3 8.9%	11.0 8.4%	12.0 9.2%	0.7	1.0

(4) Steel and Energy Products Business: By Major Products [Net sales, Operating income, Orders received]

(Unit: Billions of yen)

Net sales, Operating income

	FY2015 Interim actual results	FY2014 Full-year actual results (A)	FY2015 Full year			
			Original forecast (B)	Forecast (C)	Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
Electric and nuclear power	7.7	27.4	23.0	21.0	(6.4)	(2.0)
Pressure vessels for oil refineries	0.7	4.2	3.0	3.0	(1.2)	0.0
Clad steel plates and clad steel pipes	15.5	16.2	41.0	39.0	22.8	(2.0)
Wind turbines	0.8	5.7	1.0	1.0	(4.7)	0.0
Other	3.0	7.0	5.0	6.5	(0.5)	1.5
Consolidated Group companies, etc.	3.6	5.7	4.5	7.0	1.3	2.5
Total	31.3	66.2	77.5	77.5	11.3	0.0
Operating income (loss)	(0.4)	(3.2)	0.0	(0.5)	2.7	(0.5)

Orders received

	FY2015 Interim actual results	FY2014 Full-year actual results (D)	FY2015 Full year			
			Original forecast (E)	Forecast (F)	Compared to the previous year (F)-(D)	Compared to original forecast (F)-(E)
	5.4	14.7	21.0	17.5	2.8	(3.5)
	0.5	3.0	3.0	3.0	0.0	0.0
	3.0	42.1	20.0	18.0	(24.1)	(2.0)
	0.4	(2.6)	0.5	0.5	3.1	0.0
	5.0	5.5	7.0	7.0	1.5	0.0
	3.7	5.7	6.5	6.5	0.8	0.0
Total	18.0	68.4	58.0	52.5	(15.9)	(5.5)

(5) Industrial Machinery Products Business: By Major Products [Net sales, Operating income, Orders received]

(Unit: Billions of yen)

Net sales, Operating income

	FY2015 Interim actual results	FY2014 Full-year actual results (A)	FY2015 Full year			
			Original forecast (B)	Forecast (C)	Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
Plastic production and processing machinery	15.5	32.5	33.0	33.0	0.5	0.0
Molding machines (consolidated)	28.6	53.6	55.0	55.0	1.4	0.0
Other	10.5	25.0	26.5	26.5	1.5	0.0
Consolidated Group companies, etc.	7.5	15.2	16.0	16.0	0.8	0.0
Total	62.1	126.3	130.5	130.5	4.2	0.0
Operating income	5.3	11.3	11.0	12.0	0.7	1.0

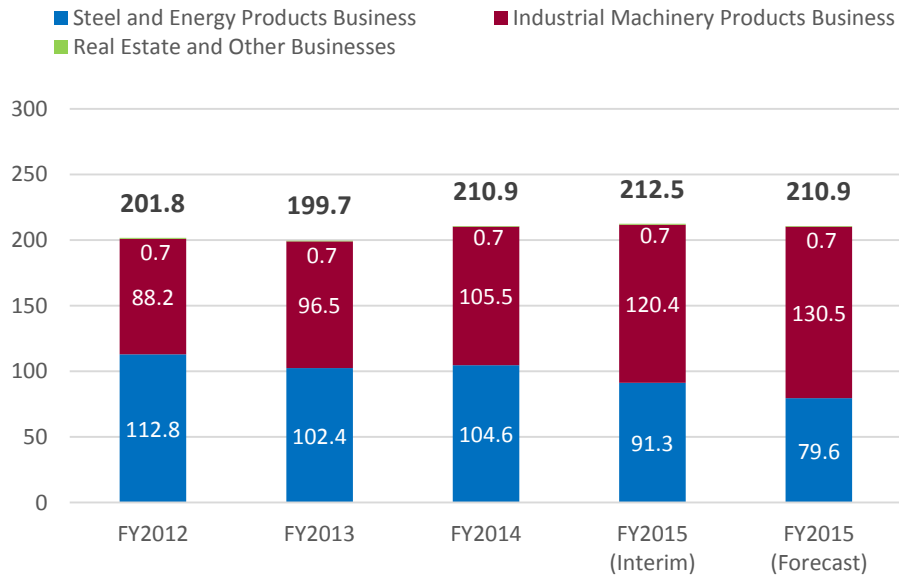
Orders received

FY2015 Interim actual results	FY2014 Full-year actual results (D)	FY2015 Full year			
		Original forecast (E)	Forecast (F)	Compared to the previous year (F)-(D)	Compared to original forecast (F)-(E)
18.3	31.9	38.0	38.0	6.1	0.0
32.1	54.5	57.5	59.0	4.5	1.5
19.0	31.9	36.5	38.5	6.6	2.0
7.6	17.0	18.0	20.0	3.0	2.0
77.0	135.3	150.0	155.5	20.2	5.5

(6) Order Backlog

Order backlog by segment

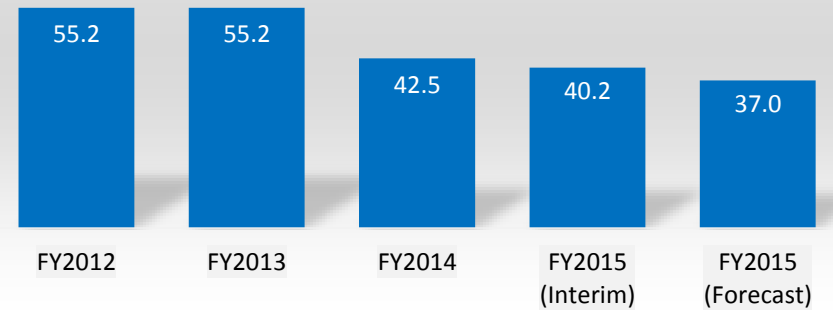
(Unit: Billions of yen)



Order backlog in "Electric and nuclear power"

(Unit: Billions of yen)

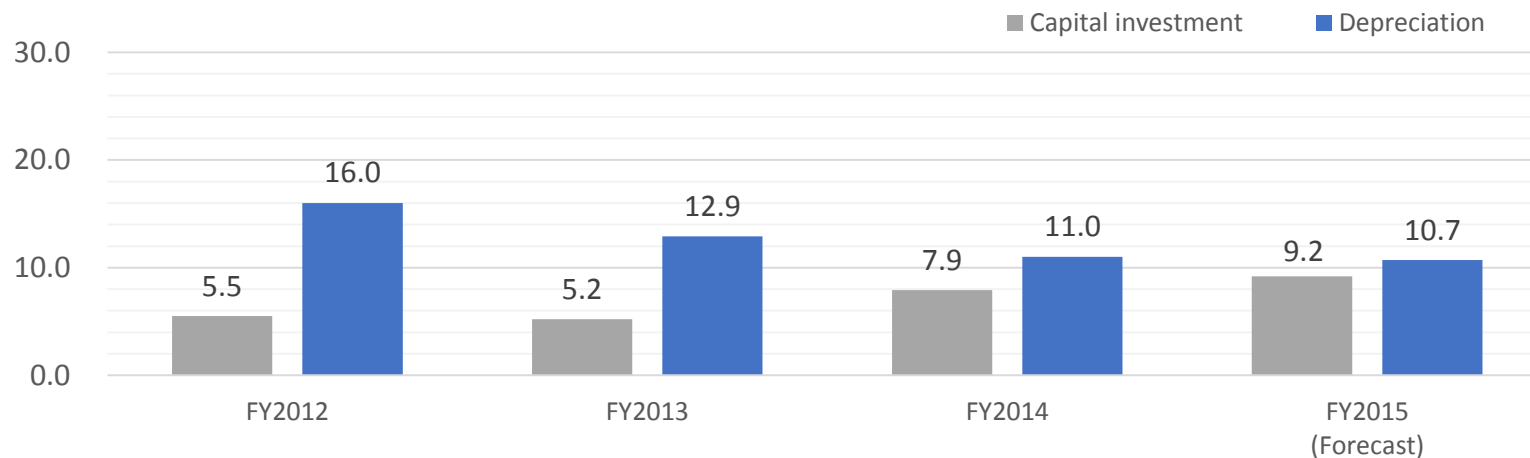
Electric and nuclear power



(7) Cash Flows and Financial Position

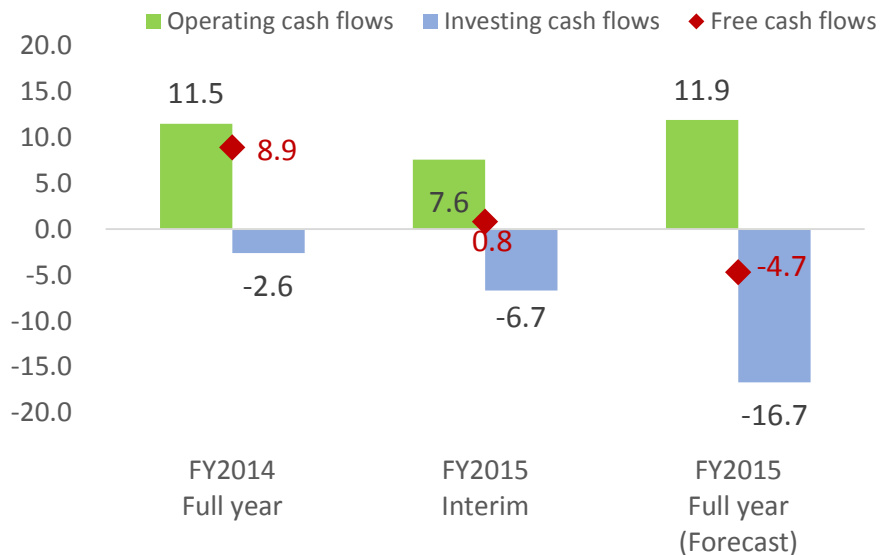
(Unit: Billions of yen)

[Capital investment and depreciation]



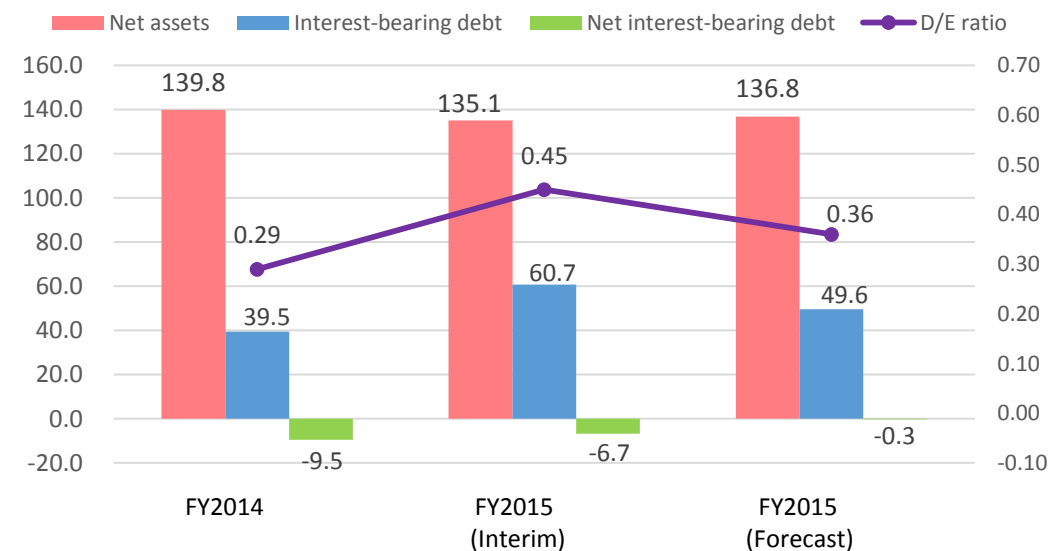
[Cash flows]

(Unit: Billions of yen)



[Financial Position]

(Unit: Billions of yen)

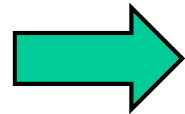


Section 2 Progress of Medium-term Management Plan “JGP2017”

(1) Corporate Vision and Numerical Targets

“Advancing toward Top Global & Niche Corporate Group”

Aiming to achieve top share at key points in customer value chains



"Renew the Challenge: Net sales of ¥250.0 billion in 2020"

		(Unit: Billions of yen)		
		【JGP2017】		
JSW Group (Consolidated)	:	FY2014 (Actual)	⇒ FY2017 (Plan)	⇒ FY2020 (Goal)
◇ Net Sales	:	¥194.6	More than ¥220.0	More than ¥250.0
◇ Operating income (ratio)	:	¥8.2 (4.2%)	More than ¥13.0 (6%)	More than ¥20.0 (8%)
◇ ROA	:	- 1.2 %	Above 3%	Above 4%
◇ ROE	:	- 2.7 %	Above 5%	Above 8% (*)

*Enhance profitability and improve asset efficiency to swiftly achieve ROE of 8% or higher after JGP2017.

(2) Basic Policies for JGP2017

Basic Policies

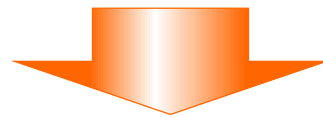
Policy 1. Increase profitability of existing businesses

- ◆ Pursue product & service differentiation
- ◆ Strengthen total-cost competitiveness
- ◆ Develop service & solution businesses
- ◆ Reinforce initiatives in growth markets

Policy 2. Foster new products & businesses and make them competitive as soon as possible

- ◆ Promote businesses based on core management resources
- ◆ Optimize timeframe and systems for promoting new products & businesses

Policy 3. Reinforce Group management and promote alliances



Strict management control based on Action Plan (implement PDCA)

Action Plan is being implemented sequentially in line with Basic Policy

(2) Basic Policies for JGP2017

Increase profitability of existing business 1. Steel and Energy Products Business

Steel and Energy Products Business

Strengthen competitiveness

[Electric and nuclear power products]

- Fully deploy large-scale monobloc LP rotors made of 670-ton steel ingots
- Secure orders for new construction overseas by enhancing cost competitiveness and maintaining competitive advantage



In nuclear power, prioritize follow-up in three regions: the U.K., China, and Turkey



In thermal power, capture demand in Japan and overseas by strengthening differentiated products and satisfying the demand of shortening delivery times.

Business expansion

[Clad steel plates and clad steel pipes]

- Increase capital investment and productivity
- Enhance response and expand specifications for natural gas PJ projects



Sales forecast for FY2015:
¥39.0 billion

Aim to secure orders received in the range of ¥20.0 billion per year during the medium-term management plan period

Business optimization

[Pressure vessels for oil refineries]

- Specialize in areas of competitive advantage
- Enhance service and maintenance business



Expand new products such as steel pressure vessels for hydrogen storage



Alliance with India's L&T Special Steels and Heavy Forgings Pvt. Ltd. (LTSSHF) in progress



Efforts are being focused on work to repair defects

[Small forged steel products]

- Respond to and deepen localization through alliances

[Wind turbines]

- Rebuild business model

(2) Basic Policies for JGP2017

Increase profitability of existing business 2. Industrial Machinery Products Business

Industrial Machinery Products Business

Strengthen competitiveness

[Pelletizers]

- Expand sales of large pelletizers for use in shale gas-related plants
- Develop new service businesses

[Laser annealing systems]

- Develop differentiated technologies for use in high-definition panels
- Strengthen service businesses (China)

Accelerate response to increased capacity

Strengthen efforts in projects for Russia and CIS

Expand demand for ELA systems and further grow service businesses

Business expansion

[Film and sheet equipment, compounding twin-screw extruders]

- Strengthen response through fully equipped system
- Accelerate global expansion (China-plus-1, etc.)
- Expand business domains through alliances

[Medium-sized and large injection molding machines]

- Reinforce and reallocate production system
- Introduce new series and expand sales

[Defense-related equipment]

- Strengthen production system based on long-term plan

Acquired simultaneous biaxial stretching machine business

Expand demand for separator film manufacturing equipment

Acquired South Korea's SM PLATEK CO., LTD.

Accelerate global strategy for compounding twin-screw extruders

Expand sales for J-ADS series
Accelerate synergies with Meiki Co., Ltd.

Reinforce production plants and facilities

Business optimization

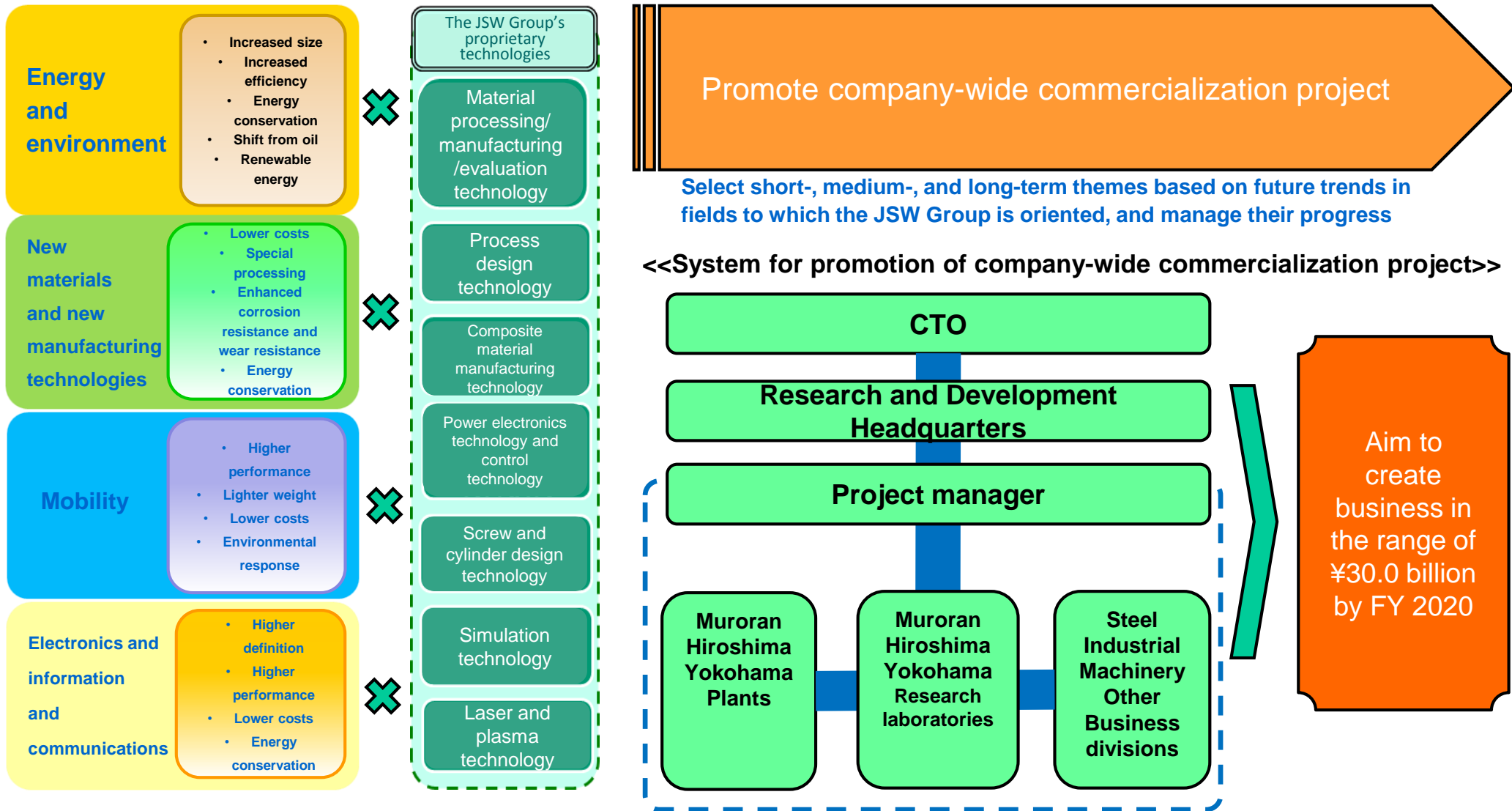
[Small injection molding machines]

- Enhance product competitiveness by deepening alliances

Prepare for introduction of small ADS series in FY2016
Accelerate alliance with Toyo Machinery & Metal Co., Ltd.

(2) Basic Policies for JGP2017 Foster new products & businesses and make them competitive as soon as possible

Strengthen company-wide efforts toward achieving ¥30.0 billion in new business by 2020



(2) Basic Policies for JGP2017

Reinforce Group management and promote alliances

Promote alliances

Further deepen alliances implemented under JGP2014

[Molding machines]

- Pursue joint development of new small ADS series with Toyo Machinery & Metal

[Plastics machinery]

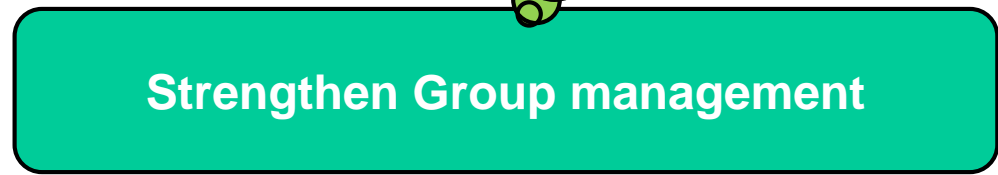
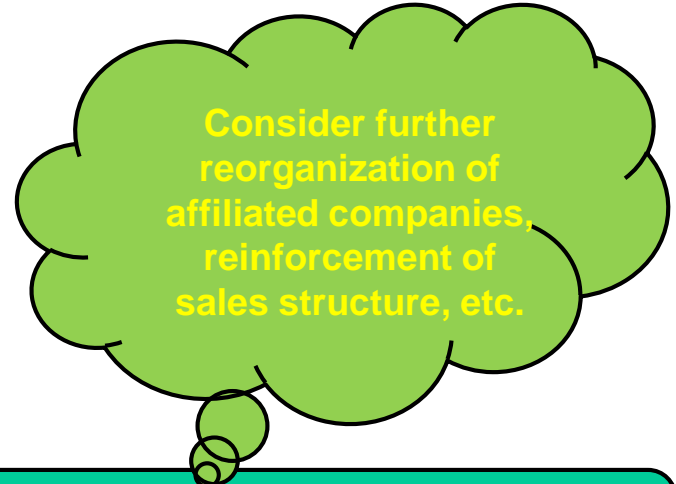
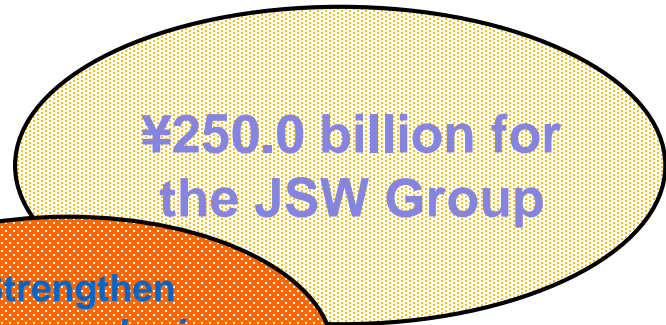
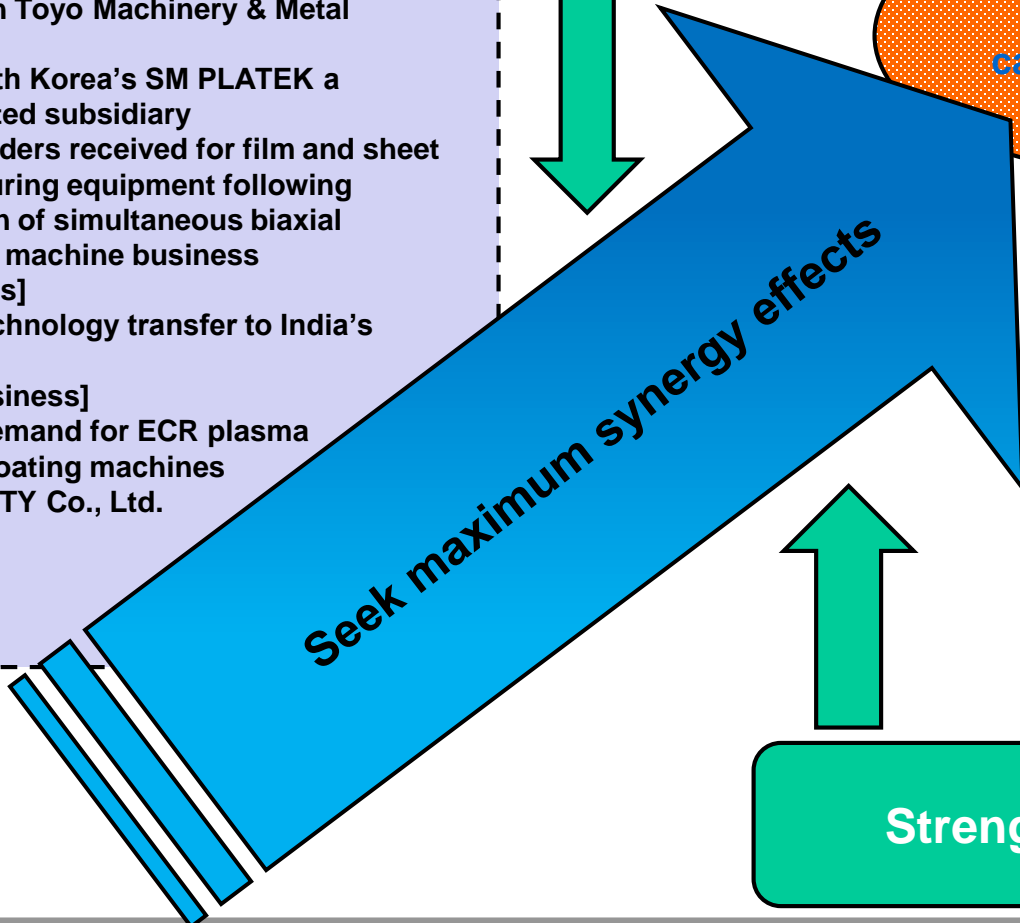
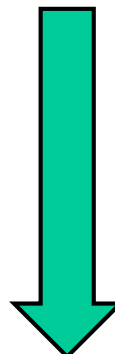
- Made South Korea's SM PLATEK a consolidated subsidiary
- Expand orders received for film and sheet manufacturing equipment following acquisition of simultaneous biaxial stretching machine business

[Forged steel products]

- Pursue technology transfer to India's LTSSHF

[Thin-film coating business]

- Expand demand for ECR plasma thin-film coating machines of JSW AFTY Co., Ltd.



Seek maximum synergy effects

Strengthen Group management

(3) Business Strategies by Segment

Steel and Energy Products Business

Strategy for steady business growth and renewed growth after JGP2017 through **"defensive management"**

Reduce invested capital

- Rationalize facilities
- Reallocate personnel
- Promote cost reduction measures

Review business domains

- Strengthen "profit-type products"
- Secure volume of "operating-type products"
- Expand new products
- Review unprofitable businesses

Muroran Restructuring Project (MRP)

(Unit: Billions of yen)

【FY2014】

Net sales ¥66.2
Operating loss ¥(3.2)



【FY2015】

Net sales ¥77.5
Operating loss ¥(0.5)

Achieve profits

(Unit: Billions of yen)

【FY2017】

Net sales ¥66.0
Operating income ¥0.0

Industrial Machinery Products Business

Identify growth opportunities and accelerate business expansion through **"offensive management"**

Pursue strategic investment

- Reinforce production capacity at Hiroshima and Yokohama plants
- Reinforce personnel
- Promote strategic alliances

Expand business domains

- Strengthen service businesses
- Acquired South Korea's SM PLATEK
- Acquired "simultaneous biaxial stretching machine business" for film and sheet manufacturing equipment business
- Expand sales of J-ADS series
- Expand thin-film coating business

Others

(Unit: Billions of yen)

【FY2014】

Net sales ¥126.3
Operating income ¥11.3



【FY2015】

Net sales ¥130.5
Operating income ¥12.0

Generation and growth of stable profits

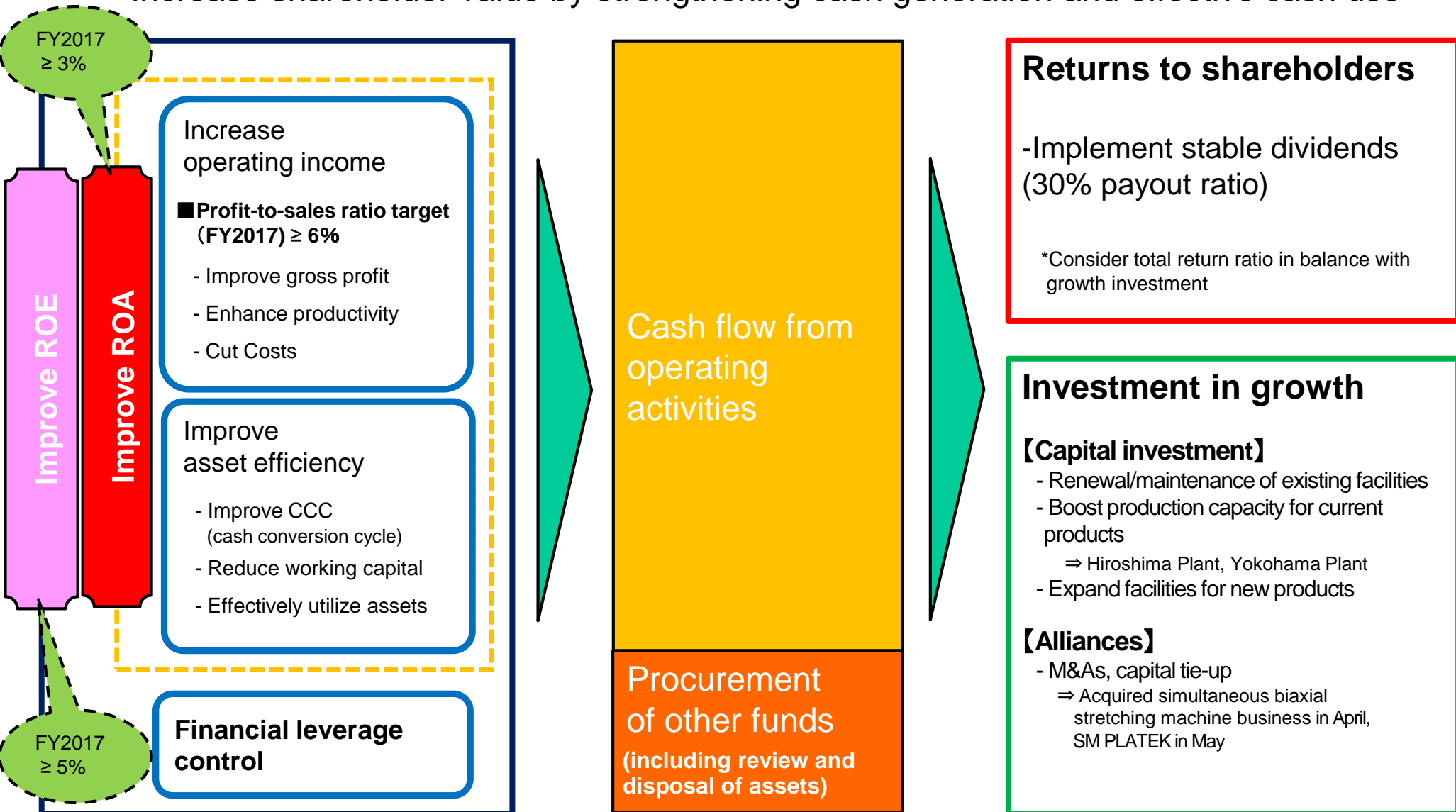
(Unit: Billions of yen)

【FY2017】

Net sales ¥152.0
Operating income ¥14.0

(4) Financial Strategies

Increase shareholder value by strengthening cash generation and effective cash use



Reference materials

Orders Received by Major Products

(Unit: Billions of yen)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)	
Electric and nuclear power	52.8	29.9	18.3	22.6	14.7	17.5	
Pressure vessels for oil refineries	3.8	4.9	3.7	4.6	3.0	3.0	
Clad steel plates and clad steel pipes	37.0	22.8	20.0	19.4	42.1	18.0	
Wind turbines	(10.9)	1.9	8.0	0.3	(2.6)	0.5	
Other	10.5	11.1	7.5	4.9	5.5	7.0	
Consolidated Group companies, etc.	5.6	7.3	3.8	5.3	5.7	6.5	
Total Steel and Energy Products	98.8	78.0	61.3	57.1	68.4	52.5	
Plastic production and processing machinery	33.6	37.3	28.2	32.4	31.9	38.0	
Molding machines	Consolidated	35.1	36.2	46.7	45.7	54.5	59.0
	Non-consolidated	27.3	26.8	29.5	27.1	37.0	39.0
Other	33.1	28.7	31.6	41.4	31.9	38.5	
Consolidated Group companies, etc.	13.8	16.6	14.5	7.1	17.0	20.0	
Total Industrial Machinery Products	115.6	118.8	121.0	126.6	135.3	155.5	
Total Real Estate and Other Businesses	2.3	2.3	2.2	2.7	2.0	2.0	
Total orders received	216.8	199.3	184.6	186.5	205.9	210.0	

Net Sales by Major Products

(Unit: Billions of yen)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015 (Forecast)
Electric and nuclear power	43.3	49.0	37.4	22.6	27.4	21.0
Pressure vessels for oil refineries	28.4	5.5	4.3	4.1	4.2	3.0
Clad steel plates and clad steel pipes	14.7	31.7	29.3	26.7	16.2	39.0
Wind turbines	9.0	3.9	1.1	1.7	5.7	1.0
Other	10.2	8.9	12.3	7.2	7.0	6.5
Consolidated Group companies, etc.	7.3	6.0	3.8	5.3	5.7	7.0
Total Steel and Energy Products	112.9	105.0	88.2	67.6	66.2	77.5
Plastic production and processing machinery	26.5	33.8	37.0	28.3	32.5	33.0
Molding machines	Consolidated	32.0	34.7	40.9	47.0	55.0
	Non-consolidated	24.3	24.9	26.1	31.0	35.5
Other	23.2	32.5	37.7	31.8	25.0	26.5
Consolidated Group companies, etc.	15.9	12.7	14.5	11.2	15.2	160.0
Total Industrial Machinery Products	97.6	113.9	130.1	118.3	126.3	130.5
Total Real Estate and Other Businesses	2.4	2.4	2.2	2.7	2.0	2.0
Total orders received	212.9	221.3	220.6	188.7	194.6	210.0