

# Business Results for the Fiscal Year Ended March 31, 2017

May 19, 2017

The Japan Steel Works, LTD.

Naotaka Miyauchi, Representative Director & President

# Cautionary Note

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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, “previous forecast values” are those released on November 15, 2016.

# Contents

P1	Cautionary Note	P15	4. Forecast for Steel and Energy Products Business: By Major Products [Net sales, Operating income, Orders received]
P2	Contents	P16	5. Forecast for Industrial Machinery Products Business: By Major Products [Net sales, Operating income, Orders received]
P3	Structure and Products of Business Divisions	P17	6. Order Backlog
<b>P4</b>	<b>Section 1 Actual Results for the Fiscal Year Ended March 31, 2017</b>	<b>P18</b>	<b>Section 3 Progress of Medium-term Management Plan “JGP2017” and future direction</b>
P5	1. Consolidated Actual Results for FY2016	P19	1. Medium-term Management Plan JGP2017 (FY2015-2017)
P6	2. Increase/Decrease in Operating Income (compared to the previous fiscal year)	P20	2. JGP2017 Trend of Business Results
P7	3. Net Sales, Operating Income and Orders Received by Segment	P21	3. Increase profitability of existing businesses (JGP2017 Basic Strategy 1) Situation of Main Products
P8	4. Steel and Energy Products Business: By Major Products [Net sales, Operating income, Orders received]	P22	4. Foster New Products & Businesses and Make Them Competitive as Soon as Possible (JGP2017 Basic Strategy 2)
P9	5. Industrial Machinery Products Business: By Major Products [Net sales, Operating income, Orders received]	P23	5. Reinforce Group Management and Promote Alliances (JGP2017 Basic Strategy 3)
P10	6. Capital Investment, Depreciation, Cash Flows and Financial Position	P24	6. Financial Strategies
<b>P11</b>	<b>Section 2 Projection for the Fiscal Year Ending March 31, 2018</b>	P25	7. Trend of Business Results Steel and Energy Products Business, Industrial Machinery Products Business
P12	1. Projection for FY2017	P26	8. Restructuring of Steel and Energy Products Business
P13	2. Forecast for Increase/Decrease in Operating Income (compared to FY2016 actual results)	P27-31	9. With a view to the next Medium-term Management Plan “JGP2020”
P14	3. Projected Net Sales, Operating Income and Orders Received by Segment		

# Structure and Products of Business Divisions JSW



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# Section 1

## Actual Results for the Fiscal Year Ended March 31, 2017

# 1. Consolidated Actual Results for FY2016

Although operating income was higher than the previous forecast, FY2016 ended in a loss due to the posting of an impairment loss.

(Unit: Billions of yen)

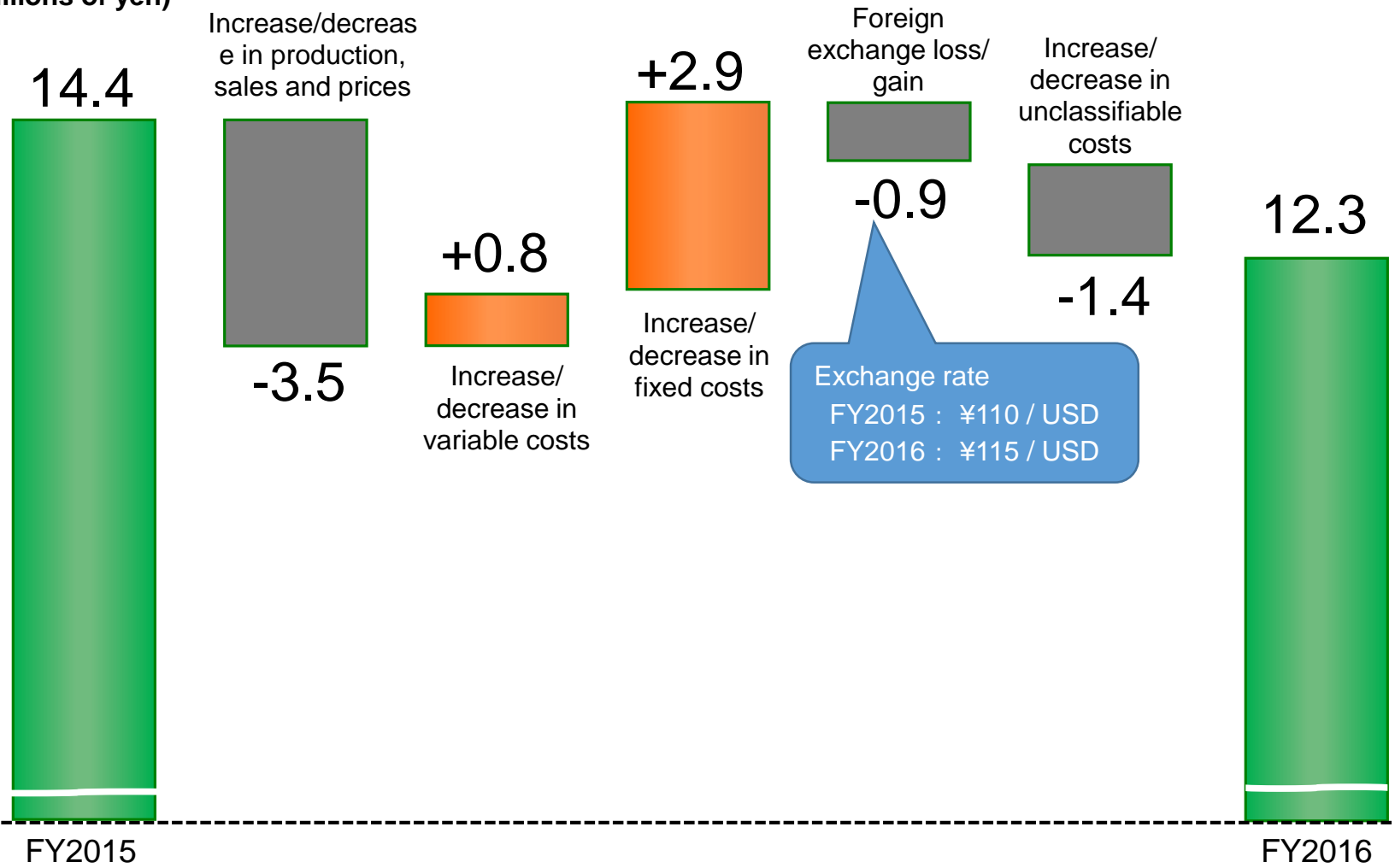
	FY2015 (A)	FY2016		Compared to previous year (C)-(A)	Compared to previous forecast (C)-(B)
		Previous forecast (B)	Actual results (C)		
Orders received	211.6	210.0	177.5	(34.1)	(32.5)
Net sales	223.3	220.0	212.4	(10.9)	(7.6)
Operating income (ratio)	14.4 6.5%	12.0 5.5%	12.3 5.8%	(2.1)	0.3
Ordinary income	14.1	12.0	12.1	(2.0)	0.1
Profit (Loss)	(16.6)	8.0	(4.9)	11.7	(12.9)
Profit (Loss) per share (yen)	(226.6)	108.8	(67.6)	159.0	(176.4)
Dividends per share (yen)	25.0	25.0	25.0	0.0	0.0

\*The Company conducted a 1-for-5 reverse common stock split effective on October 1, 2016. For the sake of simplicity, the profit (loss) per share and dividends per share in the table above are calculated using the number of shares after the reverse stock split.

# 2. Increase/Decrease in Operating Income (compared to the previous fiscal year)

Operating income fell due to decreases in production, sales and prices and prices in the Steel and Energy Products Business.

(Unit: Billions of yen)



### 3. Net Sales, Operating Income and Orders Received by Segment

Operating income for both segments was mostly as forecast, but orders received deviated from the forecast.

#### Steel and Energy Products Business (Unit: Billions of yen)

	FY2015 (A)	FY2016		Compared to the previous year (C)-(A)	Compared to previous forecast (C)-(B)
		Previous forecast (B)	Actual results (C)		
Orders received	39.7	43.0	19.5	(20.2)	(23.5)
Net sales	74.8	55.0	51.2	(23.6)	(3.8)
Operating income (loss) (ratio)	0.7 0.9%	(3.0) -0.6%	(2.8) -5.5%	(3.5)	0.2

#### Industrial Machinery Products Business

	FY2015 (A)	FY2016		Compared to the previous year (C)-(A)	Compared to previous forecast (C)-(B)
		Previous forecast (B)	Actual results (C)		
Orders received	167.8	165.0	156.2	(11.6)	(8.8)
Net sales	144.3	163.0	159.3	15.0	(3.7)
Operating income (ratio)	12.4 8.6%	15.5 9.2%	15.1 9.5%	2.7	(0.4)



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

Orders received fell short of the targets, primarily due to the postponement of some clad steel pipe orders to the following fiscal year and the cancelation of wind turbine orders.

(Unit: Billions of yen)

#### Net sales, Operating income

	FY2015 (A)	FY2016		Compared to the previous year (C)-(A)	Compared to previous forecast (C)-(B)
		Previous forecast (B)	Actual results (C)		
Electric and nuclear power	19.2	20.0	19.3	0.1	(0.7)
Pressure vessels for oil refineries	1.4	2.0	1.7	0.3	(0.3)
Clad steel plates and clad steel pipes	39.3	16.0	13.5	(25.8)	(2.5)
Wind turbines	1.2	3.5	3.9	2.7	0.4
Other	6.9	6.5	5.3	(1.6)	(1.2)
Consolidated Group companies, etc.	6.8	7.0	7.5	0.7	0.5
<b>Total</b>	<b>74.8</b>	<b>55.0</b>	<b>51.2</b>	<b>(23.6)</b>	<b>(3.8)</b>
Operating income (loss)	0.7	(3.0)	(2.8)	(3.5)	0.2

#### Orders received

	FY2015 (D)	FY2016		Compared to the previous year (F)-(D)	Compared to previous forecast (F)-(E)
		Previous forecast (E)	Actual results (F)		
Electric and nuclear power	14.6	13.5	11.1	(3.5)	(2.4)
Pressure vessels for oil refineries	1.1	0.5	0.5	(0.6)	0.0
Clad steel plates and clad steel pipes	11.2	15.0	8.2	(3.0)	(6.8)
Wind turbines	(0.3)	0.5	(13.3)	(13.0)	(13.8)
Other	6.2	7.0	5.4	(0.8)	(1.6)
Consolidated Group companies, etc.	6.9	6.5	7.6	0.7	1.1
<b>Total</b>	<b>39.7</b>	<b>43.0</b>	<b>19.5</b>	<b>(20.2)</b>	<b>(23.5)</b>

\* All order backlog was cancelled.

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

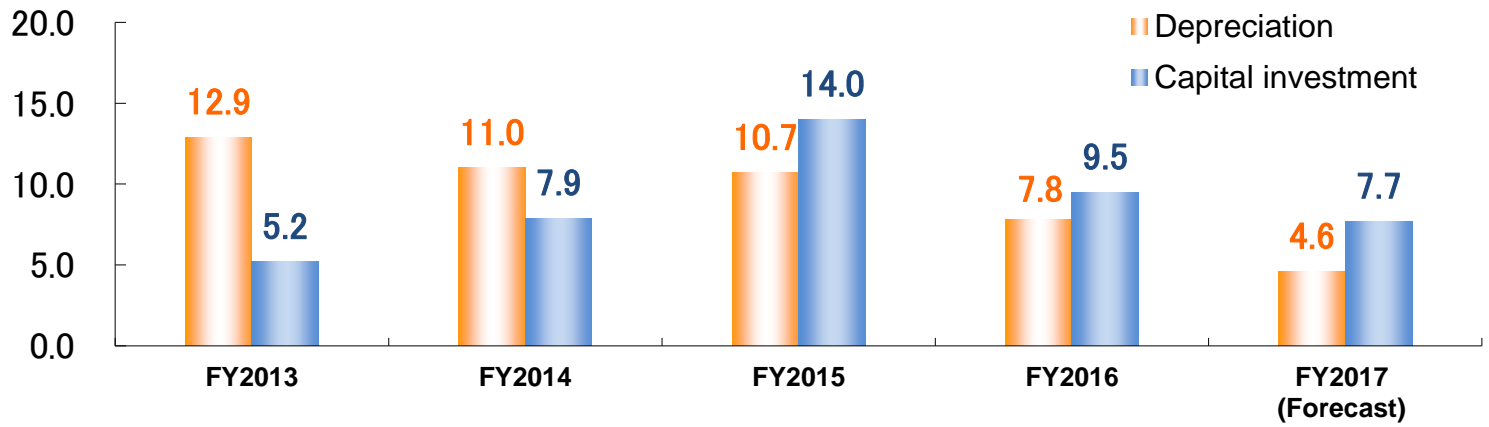
Net sales expanded with the increase in laser plasma related equipment. Orders received in film and sheet equipment grew, but total orders received decreased, primarily due to the slump of laser plasma related equipment.

	Net sales, Operating income					Orders received				
	FY2015 (A)	FY2016		Compared to the previous year (C)-(A)	Compared to previous forecast (C)-(B)	FY2015 (D)	FY2016		Compared to the previous year (F)-(D)	Compared to previous forecast (F)-(E)
		Previous forecast (B)	Actual results (C)				Previous forecast (E)	Actual results (F)		
Plastic production and processing machinery	36.4	40.5	36.1	(0.3)	(4.4)	40.2	44.0	44.7	4.5	0.7
Molding machines (consolidated)	56.4	57.0	57.6	1.2	0.6	59.4	56.0	57.5	(1.9)	1.5
Other	32.6	45.0	46.8	14.2	1.8	49.3	44.0	34.2	(15.1)	(9.8)
Consolidated Group companies, etc.	18.9	20.5	18.8	(0.1)	(1.7)	18.9	21.0	19.8	0.9	(1.2)
<b>Total</b>	<b>144.3</b>	<b>163.0</b>	<b>159.3</b>	<b>15.0</b>	<b>(3.7)</b>	<b>167.8</b>	<b>165.0</b>	<b>156.2</b>	<b>(11.6)</b>	<b>(8.8)</b>
<b>Operating income</b>	<b>12.4</b>	<b>15.5</b>	<b>15.1</b>	<b>2.7</b>	<b>(0.4)</b>					

# 6. Capital Investment, Depreciation, Cash Flows and Financial Position

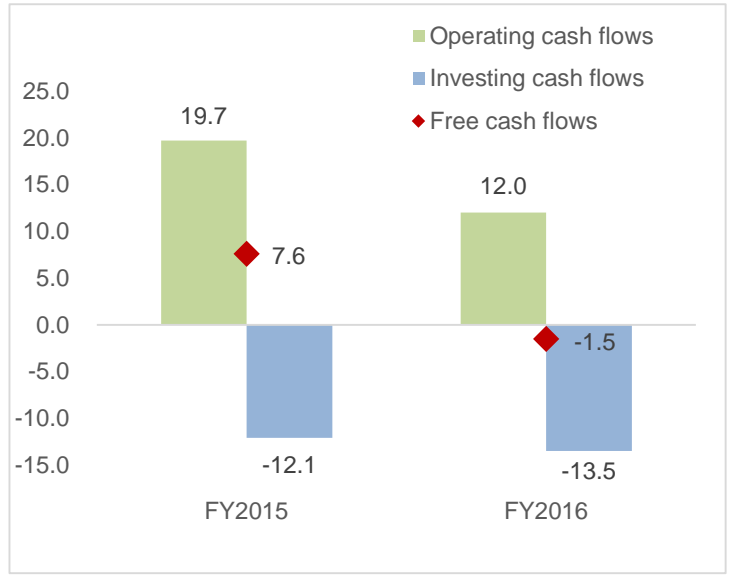
(Unit: Billions of yen)

**[Capital investment and depreciation]**



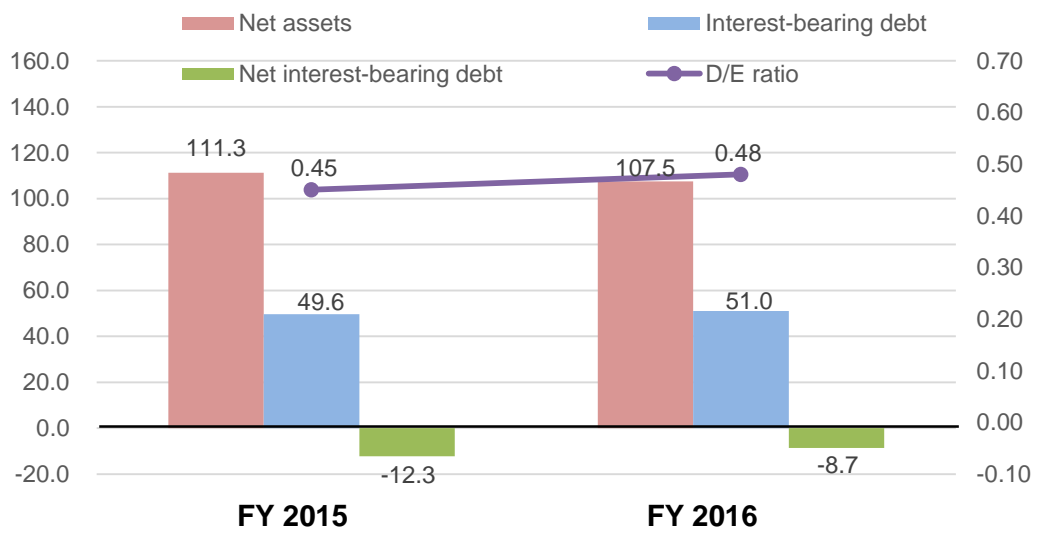
(Unit: Billions of yen)

**[Cash flows]**



**[Financial position]**

(Unit: Billions of yen)



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## Section 2

**Projection for the Fiscal Year Ending March 31, 2018**

# 1. Projection for FY2017

Although the Industrial Machinery Products Business will remain strong, the projection for 2017 is for decreased sales and increased small profit given the slump in the Steel and Energy Products Business.

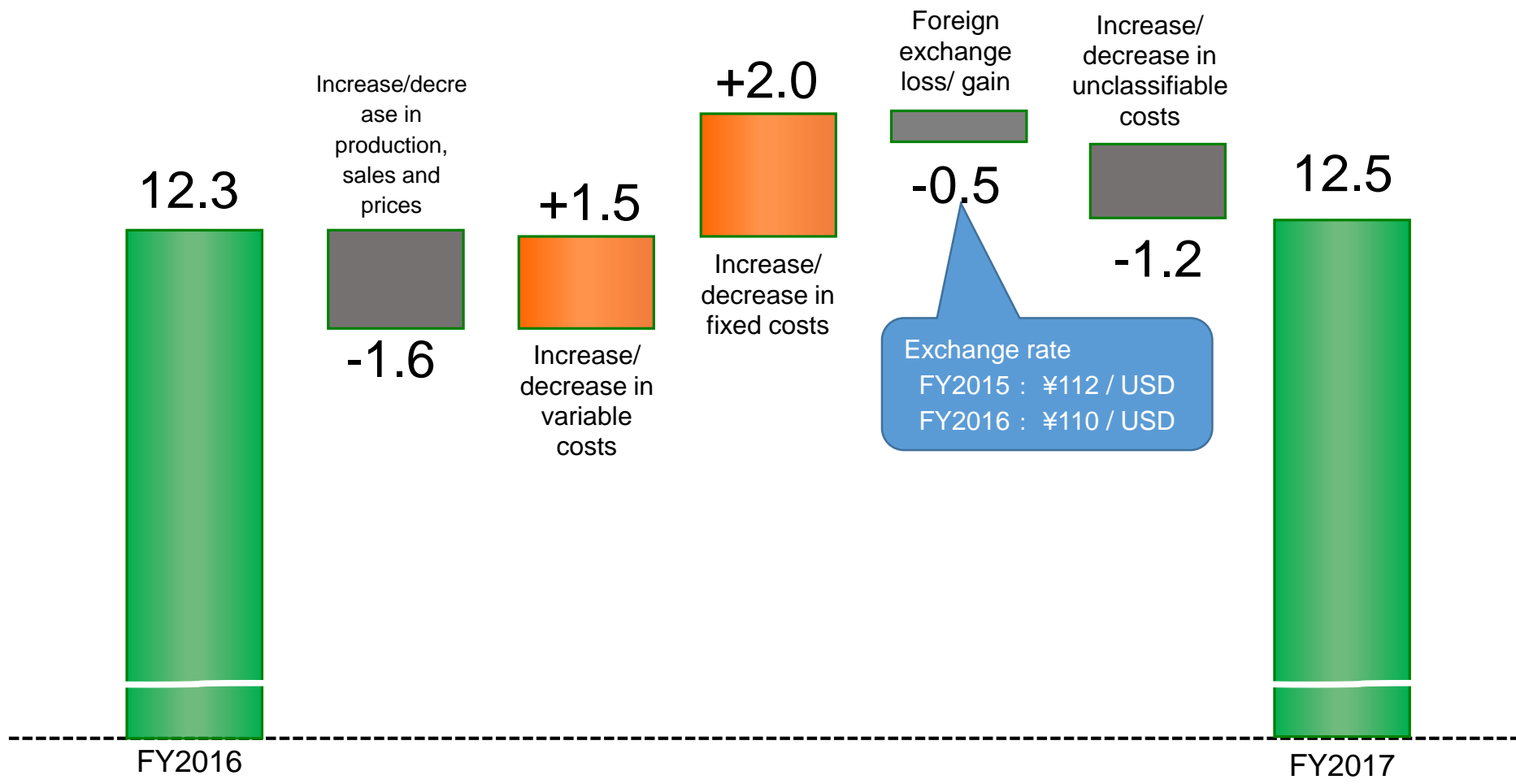
(Unit: Billions of yen)

	FY2016 (A)	FY2017 forecast			Compared to the previous year (B)-(A)
		First fiscal half	Second fiscal half	Full year (B)	
Orders received	177.5	95.0	105.0	200.0	22.5
Net sales	212.4	105.0	100.0	205.0	(7.4)
Operating income (ratio)	12.3 5.8%	6.5 6.2%	6.0 6.0%	12.5 6.1%	0.2
Ordinary income	12.1	6.5	6.0	12.5	0.4
Profit (Loss)	(4.9)	4.0	4.0	8.0	12.9
Profit (Loss) per share (yen)	(67.61)	52.82	56.03	108.85	176.46
Dividends per share (yen)	25.0	12.5	12.5	25.0	0.0

## 2. Forecast for Increase/Decrease in Operating Income (compared to FY2016 actual results)

### Offsetting the decrease in production, sales and prices in the Steel and Energy Products Business with the decrease in variable costs.

(Unit: Billions of yen)



### 3. Projected Net Sales, Operating Income and Orders Received by Segment

The Industrial Machinery Products Business will achieve the Medium-Term Management Plan, but the Steel and Energy Products Business will post another loss.

Steel and Energy Products Business		(Unit: Billions of yen)	
	FY2016 (A)	FY2017 forecast (B)	Compared to the previous year (B)-(A)
Orders received	19.5	42.2	22.7
Net sales	51.2	45.2	(6.0)
Operating income (loss) (ratio)	(2.8) -5.5%	(1.1) -2.4%	1.7

Industrial Machinery Products Business			
	FY2016 (A)	FY2017 forecast (B)	Compared to the previous year (B)-(A)
Orders received	156.2	156.0	(0.2)
Net sales	159.3	158.0	(1.3)
Operating income (ratio)	15.1 9.5%	15.0 9.5%	(0.1)

#### 4. Forecast for Steel and Energy Products Business: By Major Products [Net sales, Operating income, Orders received]

(Unit: Billions of yen)

##### Net sales, Operating income

##### Orders received

	FY2016 (A)	FY2017 forecast (B)	Compared to the previous year (B)-(A)	FY2016 (C)	FY2017 forecast (D)	Compared to the previous year (D)-(C)
Electric and nuclear power	19.3	18.5	(0.8)	11.1	14.5	3.4
Pressure vessels for oil refineries	1.7	1.0	(0.7)	0.5	1.0	0.5
Clad steel plates and clad steel pipes	13.5	13.0	(0.5)	8.2	14.5	6.3
Wind turbines	3.9	0.7	(3.2)	(13.3)	0.7	14.0
Other	5.3	5.5	0.2	5.4	5.0	(0.4)
Consolidated Group companies, etc.	7.5	6.5	(1.0)	7.6	6.5	(1.1)
<b>Total</b>	<b>51.2</b>	<b>45.2</b>	<b>(6.0)</b>	<b>19.5</b>	<b>42.2</b>	<b>22.7</b>
Operating income (loss)	(2.8)	(1.1)	1.7			



5. Forecast for Industrial Machinery Products Business: By Major Products [Net sales, Operating income, Orders received]

(Unit: Billions of yen)

**Net sales, Operating income**

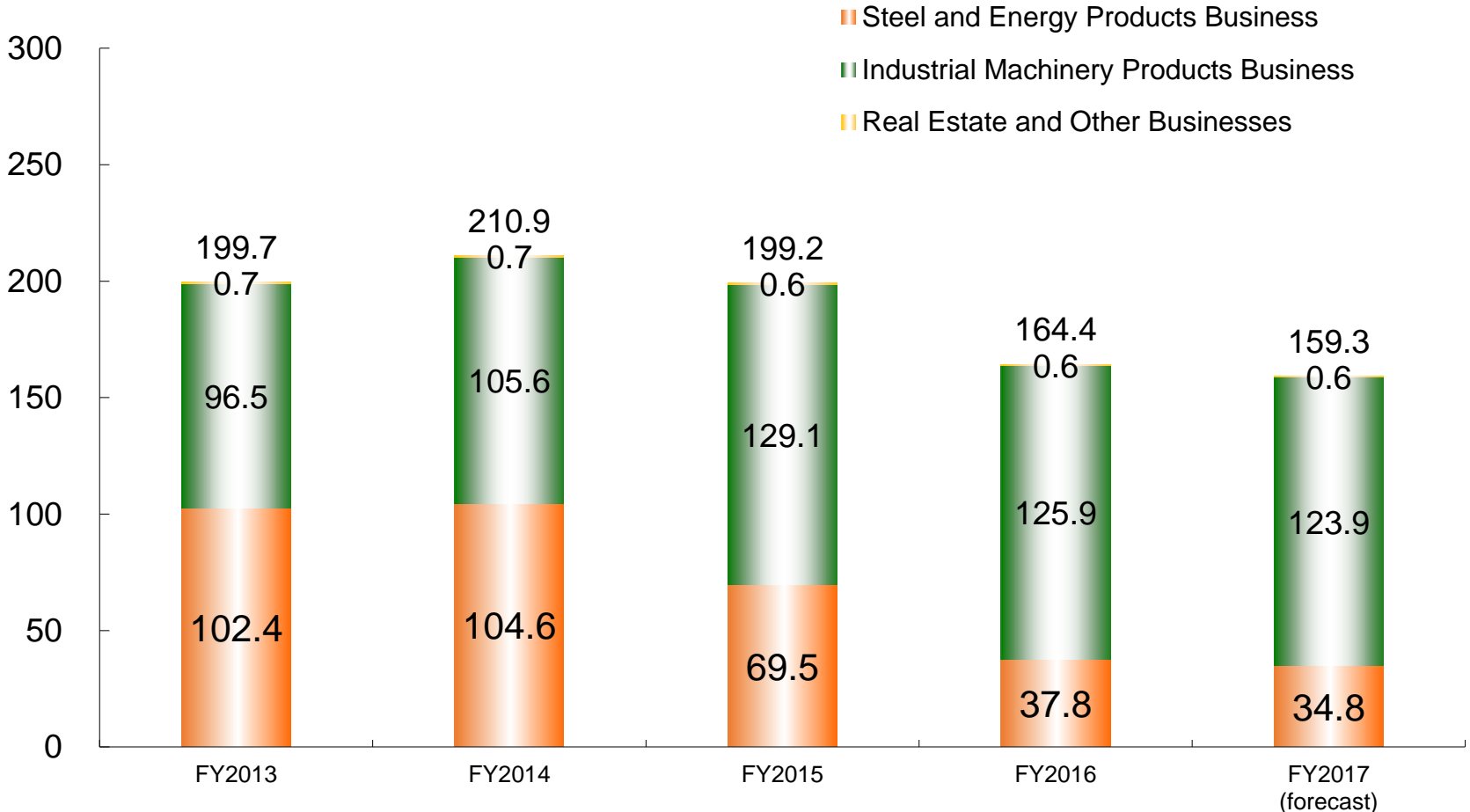
**Orders received**

	FY2016 (A)	FY2017 forecast (B)	Compared to the previous year (B)-(A)	FY2016 (C)	FY2017 forecast (D)	Compared to the previous year (D)-(C)
Plastic production and processing	36.1	45.0	8.9	44.7	48.0	3.3
Molding machines (consolidated)	57.6	58.0	0.4	57.5	59.0	1.5
Other	46.8	35.0	(11.8)	34.2	28.0	(6.2)
Consolidated Group companies, etc.	18.8	20.0	1.2	19.8	21.0	1.2
<b>Total</b>	<b>159.3</b>	<b>158.0</b>	<b>(1.3)</b>	<b>156.2</b>	<b>156.0</b>	<b>(0.2)</b>
<b>Operating income</b>	<b>15.1</b>	<b>15.0</b>	<b>(0.1)</b>			

# 6. Order Backlog

**Order backlog by segment**

(Unit: Billions of yen)



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Section 3  
Progress of Medium-term Management Plan  
“JGP2017”  
and future direction

# 1. Medium-term Management Plan JGP2017 (FY2015-2017)

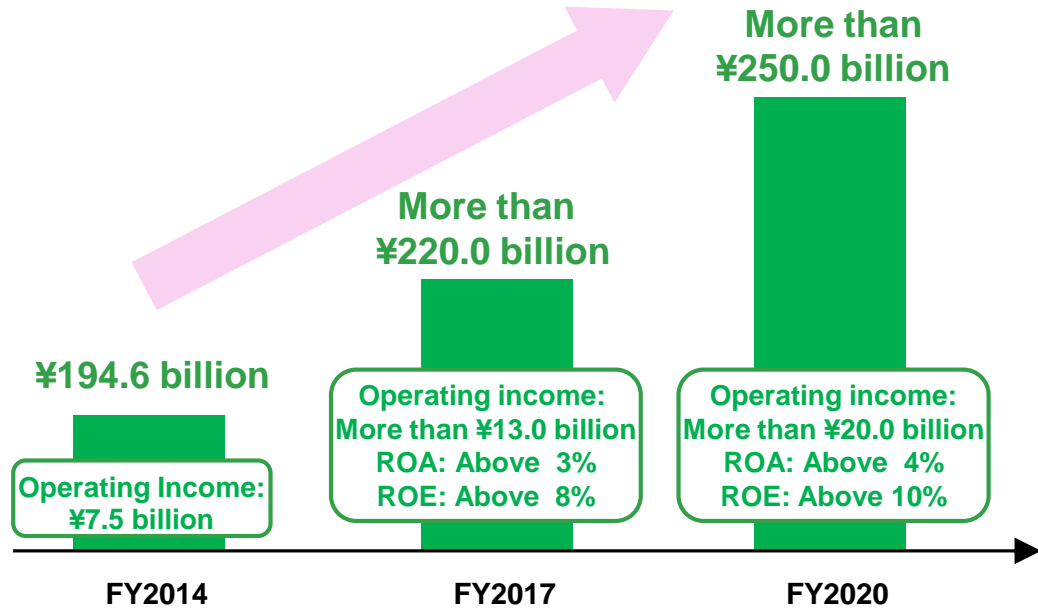
**“Advancing toward Top Global & Niche Corporate Group”**  
*Aiming to achieve top share at key points in customer value chains*

## 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**

## Numerical Targets

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



\* ROE has been revised upward from the original target value.

**Strict management control based on Action Plan (implement PDCA)**

## 2. JGP2017 Trend of Business Results

### Steel and Energy Products Business

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

Billions of yen	FY2016	FY2017 forecast	JGP2017
<b>Net sales</b>	<b>51.2</b>	<b>45.2</b>	<b>60.0</b>
<b>Operating income</b>	<b>(2.8)</b>	<b>(1.1)</b>	<b>0.0</b>

Although fixed costs were reduced due to an impairment loss, an operating loss was posted, reflecting a significant decrease in sales of clad steel pipes for natural gas.

Net sales will decline, reflecting slow recovery in the electric and nuclear power field and weak orders for clad steel pipes. An operating loss of ¥1.1 billion will be posted.

### Industrial Machinery Products Business

Identify growth opportunities and accelerate business expansion through **“offensive management”**

Billions of yen	FY2016	FY2017 forecast	JGP2017
<b>Net sales</b>	<b>159.3</b>	<b>158.0</b>	<b>158.0</b>
<b>Operating income</b>	<b>15.1</b>	<b>15.0</b>	<b>14.0</b>

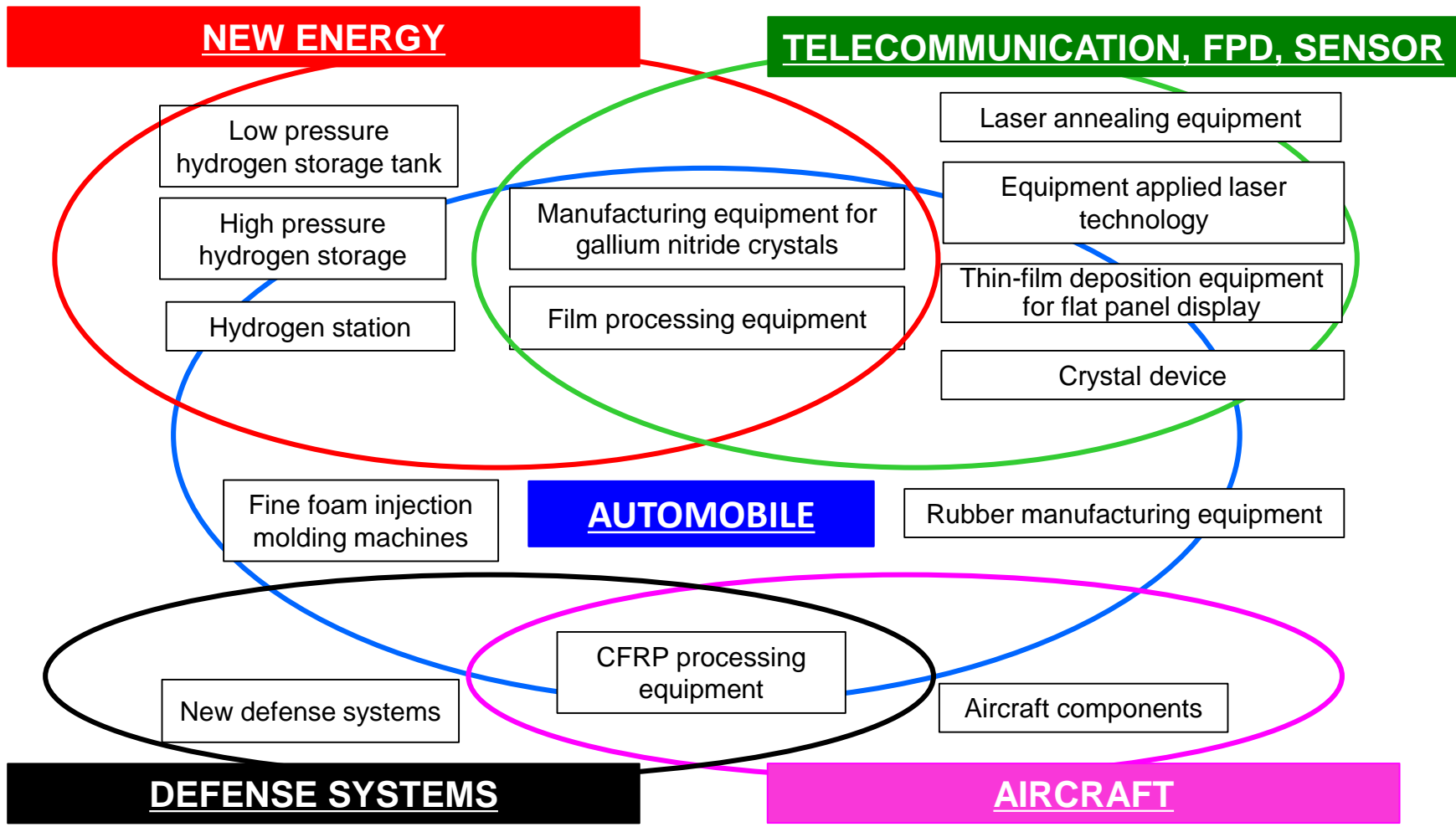
Both net sales and operating income in FY2016 achieved the targets for the final fiscal year of the medium-term management plan a year ahead of schedule on the back of strong orders.

Net sales and operating income are expected to decline slightly due to a trough in demand for LP equipment, but to achieve the target of the medium-term management plan.

### 3. Increase profitability of existing businesses (JGP2017 Basic Strategy 1) Situation of Main Products

	Product Group	FY2016 Status	FY2017 Outlook and Challenges
Steel and Energy Products Business	<b>Electric and nuclear power products</b>	<p>(Nuclear power) Orders received stagnated due to weak and limited demand worldwide.</p> <p>(Thermal power) Secured orders received mainly in China. Focused efforts on capturing actual demand from heavy electric machinery manufacturers.</p>	<p>(Nuclear power) Monitor the status of resumption of operation in Japan and demand trends overseas, mainly in China and the U.K. Orders are not likely to increase.</p> <p>(Thermal power) Firm demand in Japan, China, and Southeast Asia for greater efficiency while taking environmental measures into account.</p>
	<b>Clad steel plates and clad steel pipes</b>	<p>(Clad pipes) Orders were weak, mainly due to the effects of exchange rates and delays in projects.</p> <p>(Clad plates) Demand declined due to the impact of low oil prices.</p>	<p>(Clad pipes) Orders are expected to increase year on year. Tap into demand in the Middle East and Africa, among other areas.</p> <p>(Clad plates) On a gradual recovery trend. Actual demand is expected to recover from the second half.</p>
Industrial Machinery Products Business	<b>Film and sheet equipment</b>	<ul style="list-style-type: none"> <li>- Demand rose sharply for use in manufacturing LiB separator film for electric vehicles.</li> <li>- Production capacity doubled (from FY2014).</li> </ul>	<ul style="list-style-type: none"> <li>- Demand will remain strong, mainly for use in manufacturing LiB separator film.</li> <li>- Respond to customer needs with diverse stretching technologies.</li> </ul>
	<b>Injection molding machines</b>	<ul style="list-style-type: none"> <li>- Faced tough conditions in the first half due to the stronger yen but recovered in the second half.</li> <li>- Sales of new, medium-sized machines were strong.</li> <li>- The reinforcement of production capacity (+30%) was completed in July.</li> </ul>	<ul style="list-style-type: none"> <li>- Demand will remain firm in the automotive field worldwide.</li> <li>- Demand will be strong in the miscellaneous goods and containers field.</li> </ul>
	<b>Laser plasma related equipment</b>	<p>Sales reached a record high, partly due to special demand, but orders slowed.</p>	<ul style="list-style-type: none"> <li>- Given a trough in demand, orders are expected to be on a par with the previous year's level.</li> <li>Respond with differentiated technologies for large models, high performance and high productivity, etc.</li> </ul>

**New fields and product groups of JSW Group**



Developing operations in growth fields, primarily the automotive field, making the most of unique techniques

# 5. Reinforce Group Management and Promote Alliances (JGP2017 Basic Strategy 3)

## Seek maximum synergy effects

Increase profitability of existing businesses

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



Continue and strengthen further

Expand and evolve further

### Initiatives and Results from FY2015 to FY2016

### Initiatives and Results from FY2015 to FY2016

Reallocation at Hiroshima Plant factory  
(commenced in FY2015 → completed in first half of FY2016)

(Film and sheet equipment)  
Acquired simultaneous biaxial stretching technologies

Continued to press ahead with Muroran Restructuring Project  
(improved production efficiency, etc.)

(Compounding twin-screw extruders)  
Acquired South Korea's SM PLATEK

(Molding machines)  
Joint development of small machinery with Toyo Machinery & Metal Co., Ltd. (started to be sold in October 2016)

Increased profitability at affiliates  
(strengthened and expanded subsidiaries for external sales)

Made Meiki Co., Ltd. a wholly-owned subsidiary

Strengthened corporate governance  
(formulated and executed policy; strengthened the management of affiliates)

(Large cast and forged steel products)  
Alliance with India's LTSSHF, joint venture with Brazil's Gerdau (established in January 2017)

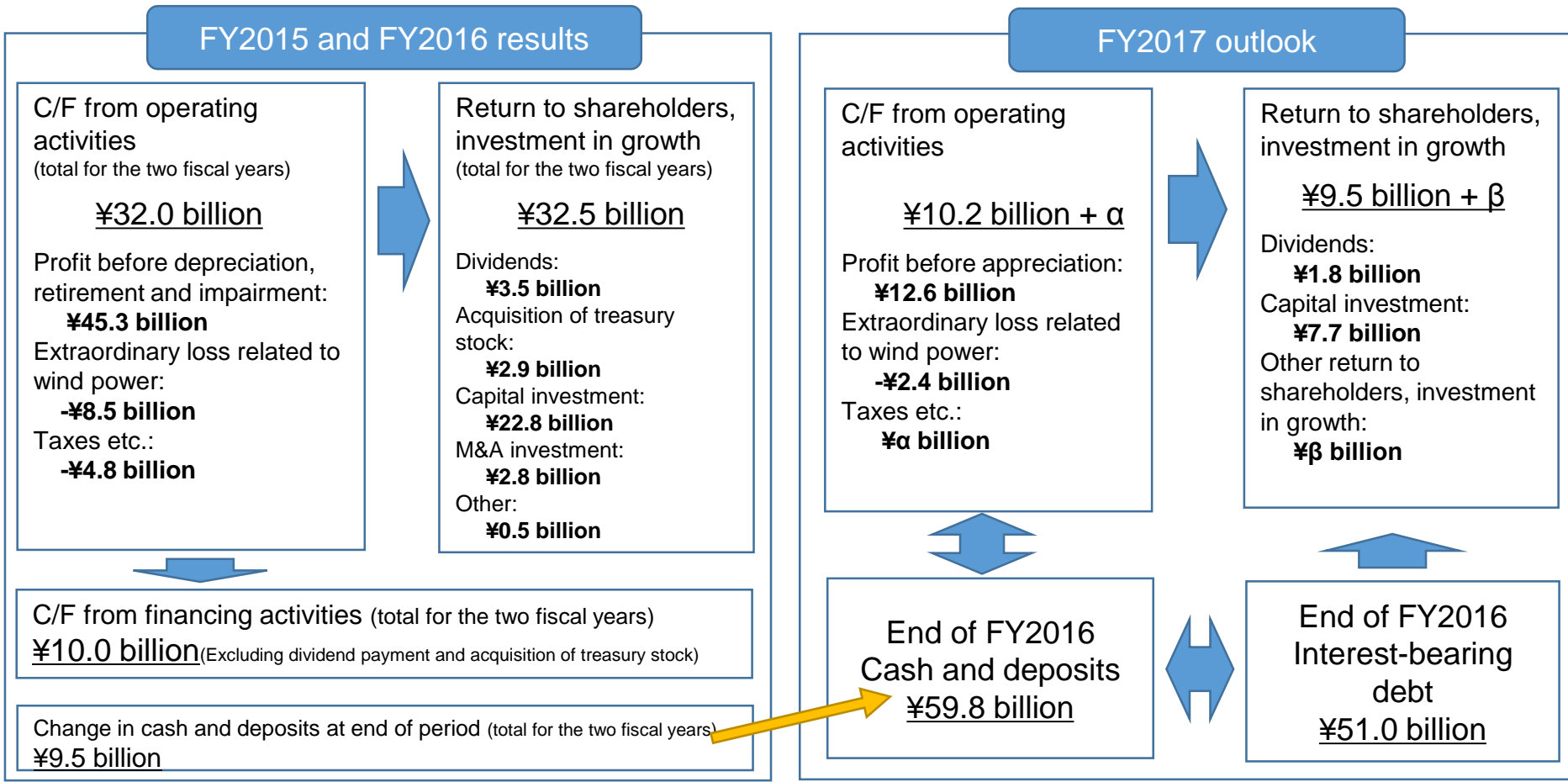
**Reinforce Group management**

**Promote alliances**



# 6. Financial Strategies

Increase shareholder value by strengthening cash generation and effective cash use.



Use generated cash strategically for return to shareholders and growth investment.

# 7. Trend of Business Results

Steel and Energy Products Business, Industrial Machinery Products Business

**The Industrial Machinery Products Business has been growing steadily. Profitability in the Steel and Energy Products Business needs to be improved urgently.**

(Unit: Billions of yen)

(Net sales)

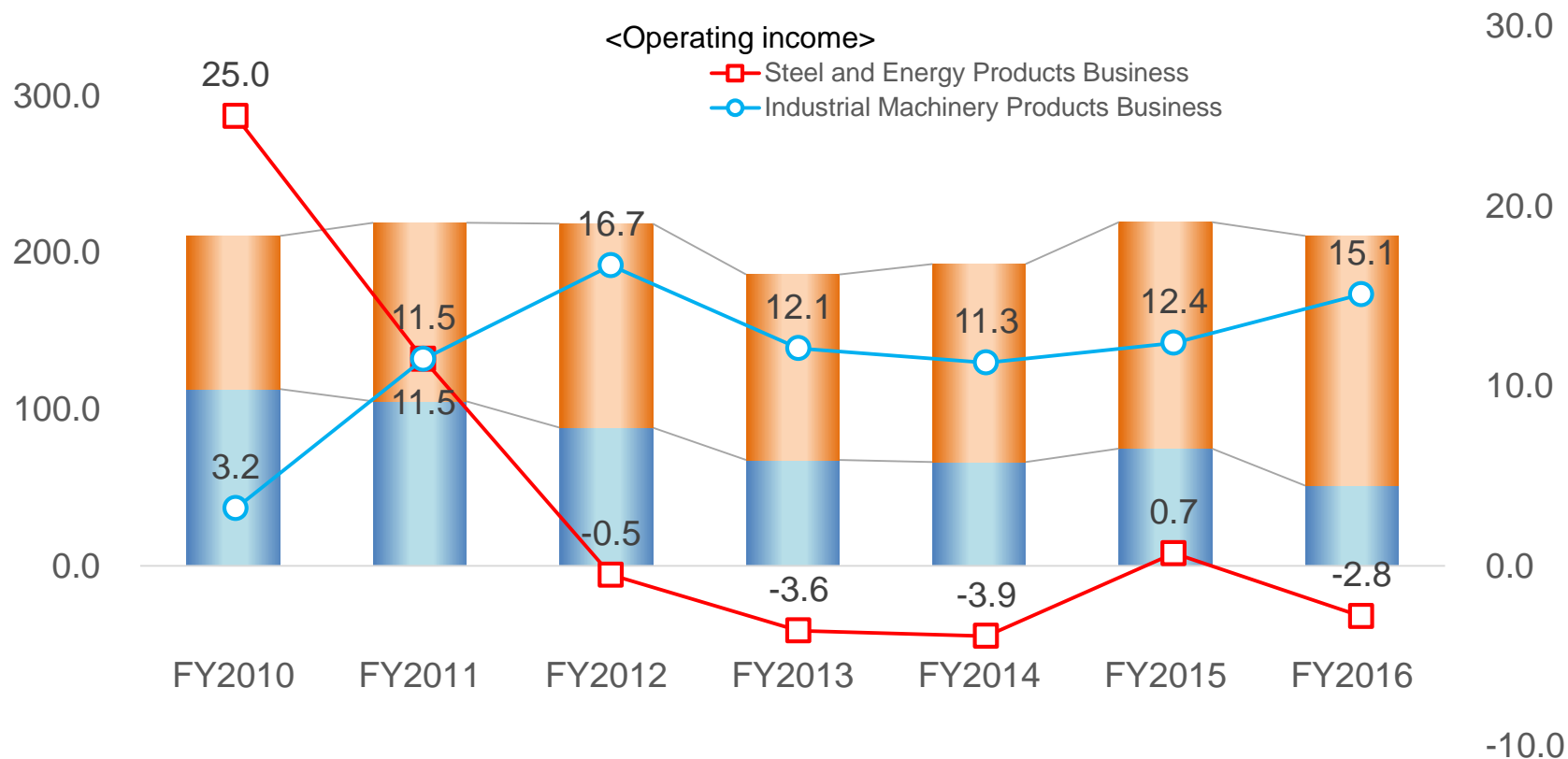
<Net sales>

- Industrial Machinery Products Business
- Steel and Energy Products Business

(Operation income)

<Operating income>

- Steel and Energy Products Business
- Industrial Machinery Products Business



# 8. Restructuring of Steel and Energy Products Business

## Facilities

- In FY2015, an impairment loss (¥35.4 billion) was posted.
- In FY2016, an additional impairment loss (¥17.8 billion) was posted.

FY2017

Capital investment:  
Capital investment targets will be carefully selected and reduced.

Further reduction in capital investment

## Human resources

- Human resources were moved from Muroran Plant to Hiroshima Plant and Yokohama Plant.
- Human resources were moved from Muroran Plant to the sales division to develop new fields.

Continuous optimization of human resources distribution

## Other activities

- Promotion of the Muroran restructuring project.  
The business domains were reviewed. Cost reduction measures were promoted.
- Reorganization and optimization of affiliates

Order expansion project  
New business cultivation project  
Business reform project

JGP2020  
To remain in the black

## 9. With a view to the next Medium-term Management Plan “JGP2017”

### ◎Steel and Energy Products Business

- ✓ The business environment remains very challenging, and the present medium-term management plan is not expected to be achieved.
- ✓ The next medium-term management plan is to be considered on the assumption that the current business environment will remain unchanged also the next Medium-term.

### ◎Industrial Machinery Products Business

- ✓ Steady progress is being made, and the present medium-term management plan is expected to be achieved.
- ✓ In the next medium-term management plan, management resources will be injected into this business so that the business will become a growth business.

### ◎New Products & Businesses

- ✓ Results are expected to fall far short of the initial plan.
- ✓ In the next medium-term management plan, the development system will be reviewed. A new system will not be bound by the self-reliance policy.

## Basic policy

- Continue to make a profit from the existing products
- Expand into new fields and develop new products



## Initiatives

- Change the business structure to make a profit from the existing products
- Expand offshore-related equipment, aircraft components, and hydrogen energy-related products, which are being commercialized
- Promote development investment to enter new fields related to materials other than steel (actively using alliances)

## Basic policy

Expand the range of plastics machinery products and peripherals and establish a leading position among comprehensive plastics machinery manufacturers in the world.

## Initiatives

- Create the No. 1 product in each product category (in terms of productivity, large capacity, energy saving, IoT, and AI)
- Strengthen operations in growth markets (LiB separators, auto parts, rubber) (pursuing QCD that will satisfy customers)
- Expand the after-sales service business globally
- Promote alliances and M&A systematically to expand the range of products and compensate for weaknesses
- Strengthen operations in new growth markets (carbon fiber market, cellulose nanofiber market) (without adhering to a self-reliance policy)



## Basic policy

Achieve a share of 10% in the global market using a mass customization strategy

◆ Mass customization strategy

Provide differentiated, customized machines based on a common base to meet the needs of areas and customers



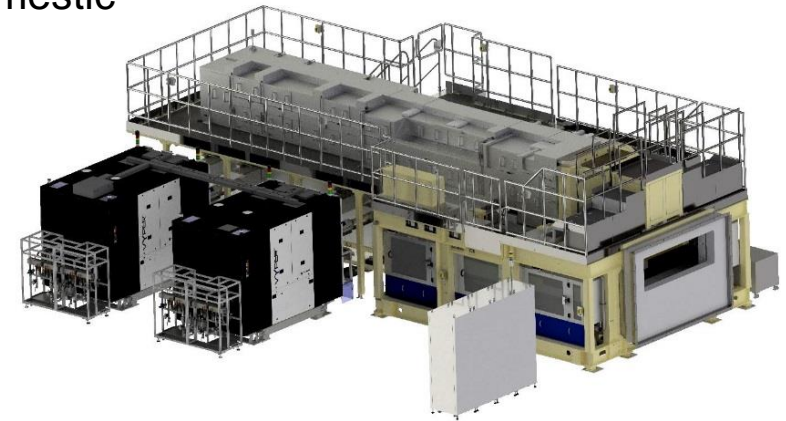
## Initiatives

- Position Japan, North America, China, and Southeast Asia as priority areas (concentrate resources)
- Provide products under the mass customization strategy and improve profits
- Provide comprehensive assistance to customers through products and technologies using IoT and AI
- Enter the market of supersized machines (with a clamping force exceeding 3,000 tons) (cooperate with Meiki Co., Ltd.)
- Strengthen the global service network further
- Strengthen capabilities to deal with customized products at plants in China and other overseas plants.

## Basic policy

Maintain the largest share in the market of laser annealing systems for manufacturing high-definition FPD (100% in the domestic market and 70% in the global market)

Establish the thin-film coating system business



## Initiatives

- Enhance the performance of the laser annealing systems (so that they will be able to deal with large-sized panels)
- Commercialize early thin-film coating systems using plasma technology (so that they will be able to deal with organic EL foldable smartphones, semiconductors, and components in the communications field)
- Enhance after-sales service



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# Reference

# Trends of Net sales, Operating income, Profit



	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Net Sales</b>	212.9	221.3	220.6	188.7	194.6	223.3	212.4
<b>Steel and Energy Products Business</b>	112.9	105.0	88.2	67.6	66.2	74.8	51.2
Electric and nuclear power	43.3	49.0	37.4	22.6	27.4	19.2	19.3
Pressure vessels for oil refineries	28.4	5.5	4.3	4.1	4.2	1.4	1.7
Clad steel plates and clad steel pipes	14.7	31.7	29.3	26.7	16.2	39.3	13.5
Wind turbines	9.0	3.9	1.1	1.7	5.7	1.2	3.9
Other	10.2	8.9	12.3	7.2	7.0	6.9	5.3
Consolidated Group companies, etc.	7.3	6.0	3.8	5.3	5.7	6.8	7.5
<b>Industrial Machinery Products Business</b>	97.6	113.9	130.1	118.3	126.3	144.3	159.3
Plastic production and processing machinery	26.5	33.8	37.0	28.3	32.5	36.4	36.1
Molding machines (consolidated)	32.0	34.7	40.9	47.0	53.6	56.4	57.6
Other	23.2	32.5	37.7	31.8	25.0	32.6	46.8
Consolidated Group companies, etc.	15.9	12.7	14.5	11.2	15.2	18.9	18.8
<b>Real Estate and Other Businesses</b>	2.4	2.4	2.2	2.7	2.0	4.0	1.8
<b>Operating income</b>	28.4	23.9	16.6	8.8	7.5	14.4	12.3
Steel and Energy Products Business	25.0	11.5	-0.5	-3.6	-3.9	0.7	-2.8
Industrial Machinery Products Business	3.2	11.5	16.7	12.1	11.3	12.4	15.1
Real Estate and Other Businesses	0.7	0.7	0.8	1.1	0.9	2.0	0.9
<b>Profit</b>	16.5	12.5	8.2	5.5	-5.3	-16.6	-4.9

# Trends of assets situation and cash flow

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Total assets</b>	339.2	325.6	303.9	293.1	319.6	293.1	275.3
Steel and Energy Products Business	167.5	147.2	120.2	111.5	111.4	60.2	37.5
Industrial Machinery Products Business	89.4	93.1	96.8	99.3	108.4	124.3	123.7
Real Estate and Other Businesses	13.6	13.5	13.3	12.9	13.0	12.0	11.8
<b>Net assets</b>	120.8	128.6	134.3	139.2	138.2	111.3	107.5
Net assets per share (JPY) <small>*Amount in FY2016 is after reverse split of stocks.</small>	322.98	344.28	359.29	372.83	368.81	299.41	1,446.44
Equity ratio (%)	35.34	39.21	43.83	47.09	42.72	37.53	38.6
ROE (%)	14.39	10.17	6.35	4.07	-3.88	-13.46	-4.6
Net cash provided by (used in) operation activities	21.7	32.5	23.7	11.5	11.5	19.7	12.0
Net cash provided by (used in) investing activities	-28.2	-18.6	-5.8	-5.7	-2.6	-12.1	-13.5
Net cash provided by (used in) financing activities	2.1	-6.8	-15.2	-15.0	-2.9	4.7	-1.2
Cash and cash equivalents at end of period	41.1	48.1	50.9	42.2	49.1	61.4	58.6

# Corporate Vision and Management Philosophy

## [Corporate Vision (the ideal image of a corporation to which to aspire)]

**A company that creates changes with creative technology, and contributes to the development of society**

*We aim to be a “Change-Creating Company” that contributes to the development of society by actively exploring new needs among the needs of society that are changing daily, through our proprietary technologies that have been cultivated over many years as well as newly developed technologies.*

## [Management Philosophy]

**1) Continue to provide clients with surprise and excitement**

*To satisfy our customers and gain their trust, we always listen to the market and continue to provide creative products and services that exceed customer expectations.*

**2) Coexist with society and sustain profits**

*We sustain profits while satisfying our customers, shareholders and employees, coexisting with local communities, and fulfilling our responsibilities to stakeholders.*

**3) Believe in constant change**

*We strive to establish a vibrant corporate culture that seeks change by respecting initiative, creativity and the spirit of challenge, while firmly sustaining our corporate culture in which products are launched with consistency and stability. We thoroughly pursue the “three real principles” (Sangen-shugi) of real places, real things and real situations, plus real people.*

# Corporate Code of Conduct of The Japan Steel Works, Ltd.

The JSW Group (“the Group”), as a corporate group with responsibilities for the development of the economy and society, based on the following 10 principles, shall respect human rights and comply with the provisions and spirit of all laws and international standards, both domestically and globally, while the Group shall act in accordance with social common sense in order to create a sustainable society.

## **1. Development and supply of reliable products, technologies and services**

*With thorough consideration for safety, the Group shall develop and supply products, technologies and services that satisfy, and can be trusted by, customers and society.*

## **2. Adherence to ethics, laws and regulations**

*As a corporate citizen, the Group shall adhere to ethics, laws and regulations in carrying out its business activities.*

## **3. Fair and transparent business activities**

*In all its business activities, the Group shall engage in fair, transparent and free competition and transactions. It shall also maintain sound and appropriate relationships with the government and local authorities.*

## **4. Adherence to the rules of the international community**

*As a global corporation, the Group shall adhere to the rules of the international community and contribute to the development of the global economy and society.*

## **5. Opposition to anti-social forces**

*As a business organization, the Group shall oppose anti-social forces and organizations that adversely affect the order and safety of civil society, and shall not accept any illegal or unfair demands.*

## **6. Corporate information disclosure**

*The Group shall actively and fairly disclose appropriate corporate information to society. It shall also thoroughly protect and manage various types of information including personal information and customer information.*

## **7. Respect for employees and ensuring safe and good working environments**

*The Group shall respect employees’ personalities and individuality. It shall also recognize employees’ human rights and safety at all times, and secure good working environments.*

## **8. Initiatives for environmental preservation**

*Recognizing that environmental initiatives are important corporate responsibilities, the Group shall conduct its business activities with consideration for the preservation of the environment.*

## **9. Establishment of systems by senior management**

*Senior management shall acknowledge that it is their role to embody the spirit of this Corporate Code of Conduct, and they shall take the initiative and set good examples in establishing systems and making the Code widely known within the Company and Group companies.*

## **10. Problem-solving and strict action by senior management**

*If a situation occurs that is contrary to this Corporate Code of Conduct, senior management shall engage in resolving the issue by themselves, and endeavor to investigate the cause and prevent a recurrence. They shall also fulfill their responsibilities to provide prompt and accurate disclosure of information and explanations to society. After clarifying the relevant authority and responsibilities with regard to the issue, they shall take strict measures against those involved, including senior management themselves.*

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**JSW 日本製鋼所**