

# FY 2020 / JGP2020

Financial Forecast for the Fiscal Year 2020  
(Ending March 31, 2021)

September 18, 2020

The Japan Steel Works, Ltd.  
Naotaka Miyauchi, Representative Director & President

**JSW**

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.

## Change in Business Segment (03~05)

Composition of Business Segments and Major Products /  
Change in Business Segment / Change in Sub-segment

## PART I

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## PART III













### Business Overview

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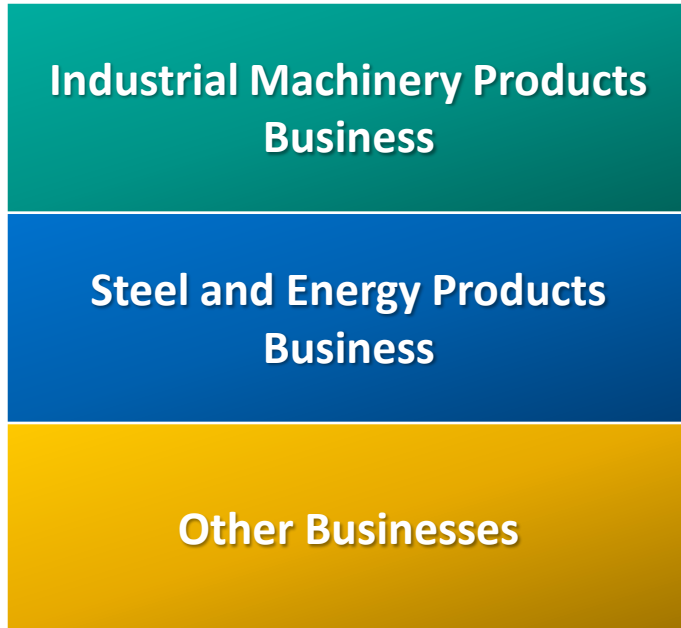
### Reference (23-25):

Trends of Net Sales, Operating Income and Profit / Trends of  
Situation in Assets and Cash Flow / Corporate Code of  
Behavior of JSW (revised on April 1, 2018)

# Composition of Business Segments and Major Products

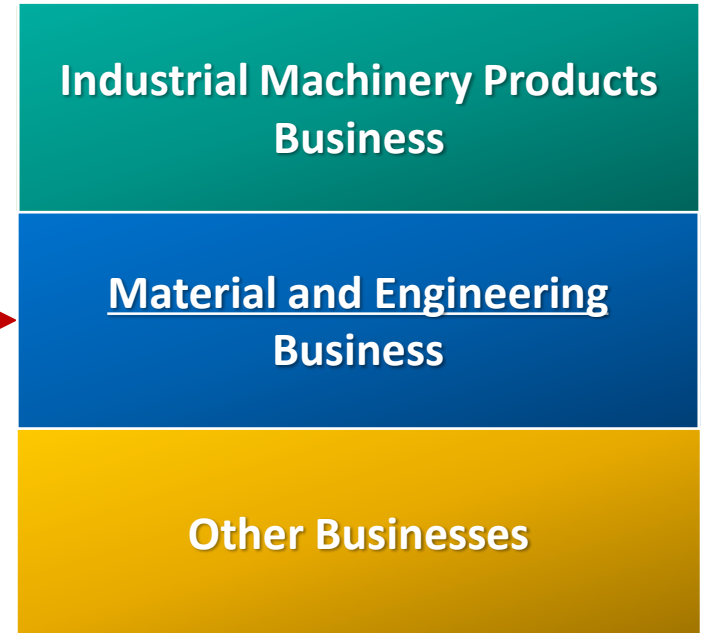
Business Segments	<b>Industrial Machinery Products Business</b>	<b>Material and Engineering Business</b>	<b>Other Businesses</b>
Organizations	Plastic Machinery B.D. / Injection Molding Machinery B.D. / Industrial Machinery B.D. / Ordnance Business H.Q.	Japan Steel Works M&E, Inc.	New Business Promotion H.Q.
Production Bases	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p><b>Hiroshima</b></p>  </div> <div style="text-align: center;"> <p><b>Yokohama</b></p>  </div> <div style="text-align: center;"> <p><b>Nagoya</b></p>  </div> </div>	<div style="text-align: center;"> <p><b>Muroran</b></p>  </div>	
Products	<div style="display: flex;"> <div style="flex: 1;"> <p><b>Plastic production and processing machinery</b></p> <ul style="list-style-type: none"> <li>• Pelletizers</li> <li>• Film and sheet manufacturing equipment</li> <li>• Twin-screw extruders</li> <li>• After-sales services</li> </ul>  </div> <div style="flex: 1;"> <p><b>Molding machines</b></p> <ul style="list-style-type: none"> <li>• Plastic injection molding machines</li> <li>• Magnesium alloy injection molding machines</li> <li>• Blow molding machines</li> <li>• After-sales services</li> </ul>  </div> </div> <div style="display: flex; margin-top: 20px;"> <div style="flex: 1;"> <p><b>Other machinery</b></p> <ul style="list-style-type: none"> <li>• Excimer laser annealing (ELA) systems</li> <li>• Defense equipment</li> <li>• Railway products</li> <li>• Hot press devices and laminators</li> </ul>  </div> <div style="flex: 1;"> <ul style="list-style-type: none"> <li>• Deposition systems</li> <li>• Other industrial machinery</li> <li>• After-sales services</li> </ul>  </div> </div>	<p><b>Steel castings and forgings</b></p> <ul style="list-style-type: none"> <li>• Parts for reactors (shell, head etc.)</li> <li>• Parts for steam generators · Rotor shafts</li> <li>• Steel rolls for steel manufacturing · Casings</li> <li>• Die steel · Other types of steel forgings</li> </ul> <div style="display: flex; justify-content: space-around;">   </div> <p><b>Clad Steel Products</b></p> <ul style="list-style-type: none"> <li>• Clad steel plates</li> <li>• Clad steel pipes</li> </ul> <p><b>Engineering Services</b></p> <ul style="list-style-type: none"> <li>• Steel structure for plant and infrastructure</li> <li>• Non-destructive inspection and analytical inspection services, etc.</li> </ul> <div style="display: flex; justify-content: space-around;">   </div>	<p><b>New Business</b></p> <ul style="list-style-type: none"> <li>• Aircraft</li> <li>• Hydrogen</li> <li>• Crystal</li> <li>• Thin film</li> <li>• Advanced materials</li> <li>• Metallic materials</li> </ul>
Markets	<div style="display: flex; justify-content: space-between;"> <div style="background-color: #e91e63; color: white; padding: 5px;">Petro-chemicals</div> <div style="background-color: #00897b; color: white; padding: 5px;">Industrial Machinery</div> <div style="background-color: #4caf50; color: white; padding: 5px;">Automobiles</div> <div style="background-color: #3954ab; color: white; padding: 5px;">Information Technology</div> <div style="background-color: #008080; color: white; padding: 5px;">Defense</div> </div>	<div style="display: flex; justify-content: space-between;"> <div style="background-color: #d32f2f; color: white; padding: 5px;">Electric Power and Steel</div> <div style="background-color: #8b4513; color: white; padding: 5px;">Oil and Natural Gas</div> <div style="background-color: #0070c0; color: white; padding: 5px;">Natural Energy</div> </div>	<div style="background-color: #ffc107; color: black; padding: 5px; text-align: center;">                 New Business             </div>

Until FY2019



Maintenance of  
wind turbine

From FY2020



Until FY2019

## Industrial Machinery Products Business

Plastic production and processing machinery

Molding machine (Consolidated)

FPD Equipment (Consolidated)

Other Products

Consolidated subsidiaries, etc.

GM Engineering Co., Ltd.  
Nichiyu Machinery Co., Ltd.  
SM Platek Co., Ltd.

From FY2020

## Industrial Machinery Products Business

Plastic production and processing machinery

Molding machine

Other Products

※GM Engineering : Sheet manufacturer  
Nichiyu Machinery : Wider manufacturer  
SM Platek (South Korea) : Twin-screw extruder manufacturer

## Steel and Energy Products Business

Steel castings and forgings

Clad steel plates and pipes

Consolidated subsidiaries, etc.

Pressure vessel for oil refineries

## Material and Engineering Business

Steel castings and forgings

Clad steel plates and pipes

Engineering, etc.

Maintenance of wind turbine

Other Businesses

Other Businesses



# RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR 2020 (ENDED JUNE 30, 2021)

## PART I



# Results of Orders Received, Net Sales and Income

(in billions of yen)

	FY2019 1st Quarter Result (A)	FY2020 1st Quarter Result (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Orders received	46.9	33.7	(13.2)	71.9%
Net sales	53.9	41.5	(12.4)	77.0%
Operating income (ratio)	6.9 12.8%	1.0 2.4%	(5.9) (10.4%)	14.5% -
Ordinary income	7.7	1.1	(6.6)	14.3%
Profit/Loss	6.2	0.9	(5.3)	14.5%
Profit/Loss per share (yen)	85.49	12.27	(73.22)	14.4%
Dividends per share (yen)	-	-	-	-



## Industrial Machinery Products Business

(in billions of yen)

	FY2019 1st Quarter Result (A)	FY2020 1st Quarter Result (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Orders received	36.2	24.8	(11.4)	68.5%
Net sales	44.0	34.2	(9.8)	77.7%
Operating income (ratio)	6.4 14.5%	3.4 9.9%	(3.0) (4.6%)	53.1% -

## Material and Engineering Business

	FY2019 1st Quarter Result (C)	FY2020 1st Quarter Result (D)	Change from year-ago period (D)-(C)	Ratio to year-ago period (D) ÷ (C)
Orders received	10.1	8.3	(1.8)	82.2%
Net sales	8.8	6.8	(2.0)	77.3%
Operating income (ratio)	1.2 13.6%	0.3 4.4%	(0.9) (9.2%)	25.0% -

## Net Sales and Operating Income

	FY2019 1st Quarter Result (A)	FY2020 1st Quarter Result (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Plastic production and processing machinery	14.4	13.5	(0.9)	93.8%
Molding machines	17.8	9.8	(8.0)	55.1%
Other products	11.8	10.9	(0.9)	92.4%
Total	44.0	34.2	(9.8)	77.7%
Operating income	6.4	3.4	(3.0)	53.1%

## Orders Received

(in billions of yen)

	FY2019 1st Quarter Result (C)	FY2020 1st Quarter Result (D)	Change from year-ago period (D)-(C)	Ratio to year-ago period (D) ÷ (C)
	13.4	10.3	(3.1)	76.9%
	15.2	9.3	(5.9)	61.2%
	7.6	5.2	(2.4)	68.4%
Total	36.2	24.8	(11.4)	68.5%

## Net Sales and Operating Income

	FY2019 1st Quarter Result (A)	FY2020 1st Quarter Result (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Steel castings and forgings	4.6	3.7	(0.9)	80.4%
Clad steel plates and pipes	1.2	1.5	0.3	125.0%
Engineering, etc.	3.0	1.6	(1.4)	53.3%
Total	8.8	6.8	(2.0)	77.3%
Operating income	1.2	0.3	(0.9)	25.0%

## Orders Received

(in billions of yen)

	FY2019 1st Quarter Result (C)	FY2020 1st Quarter Result (D)	Change from year-ago period (D)-(C)	Ratio to year-ago period (D) ÷ (C)
	3.6	4.3	0.7	119.4%
	4.7	0.2	(4.5)	4.3%
	1.8	3.8	2.0	211.1%
Total	10.1	8.3	(1.8)	82.2%



# FORECAST FOR THE FISCAL YEAR 2020 (ENDING MARCH 31, 2021)

## PART II



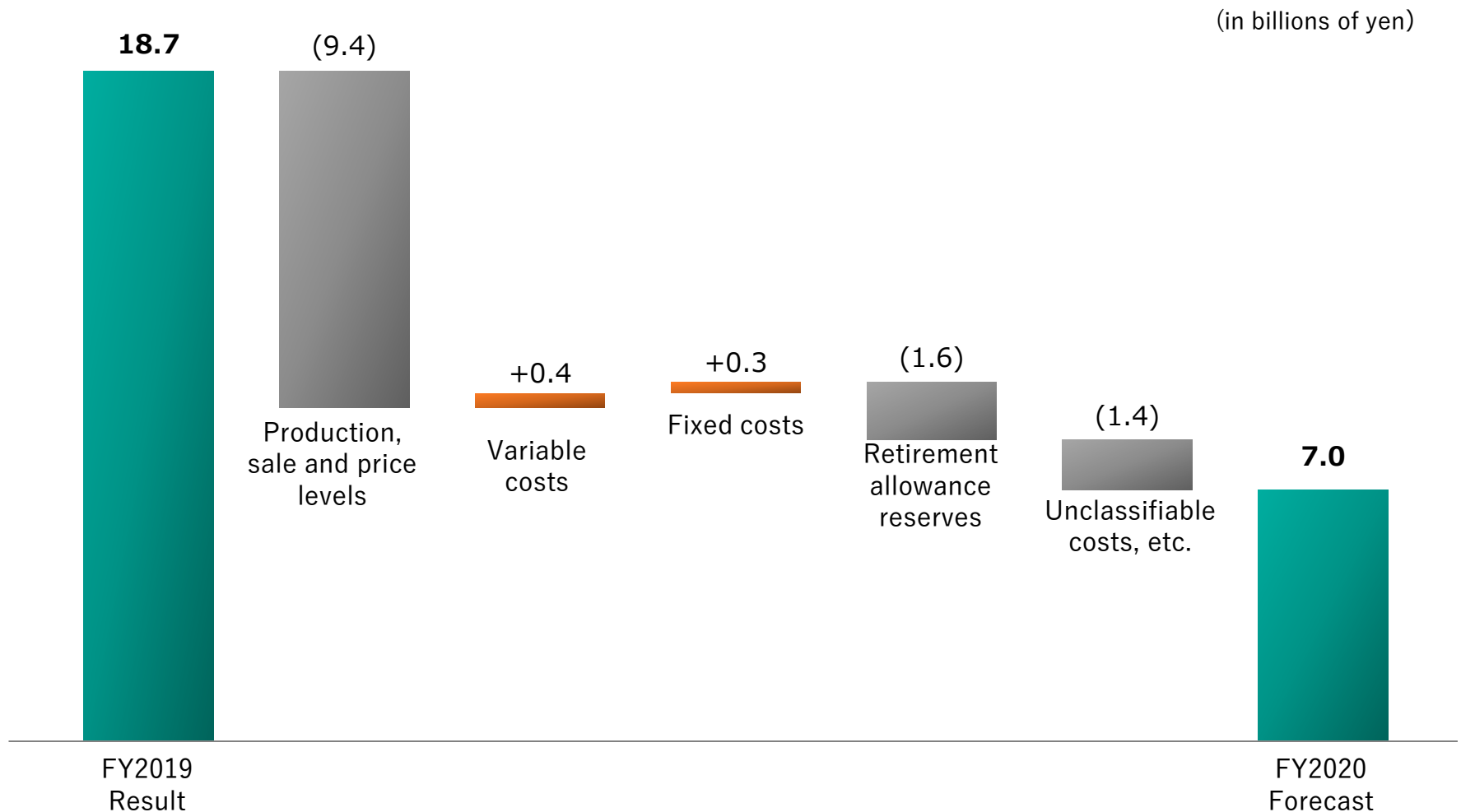
(in billions of yen)

	FY2019 Result (A)	FY2020 Forecast (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Orders received	211.5	198.0	(13.5)	93.6%

Net sales	217.5	190.0	(27.5)	87.4%
Operating income (ratio)	18.7 8.6%	7.0 3.7%	(11.7) (4.9%)	37.4% -
Ordinary income	19.9	7.0	(12.9)	35.2%
Profit/Loss	9.3	4.0	(5.3)	43.0%
Profit/Loss per share (yen)	126.66	54.38	(72.28)	42.9%

Dividends per share (yen)	45.0	35.0	(10.0)	77.8%
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# Forecast of Changes in Factors for Operating Income



## Industrial Machinery Products Business

(in billions of yen)

	FY2019 Result (A)	FY2020 Forecast (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Orders received	162.6	147.0	(15.6)	90.4%
Net sales	171.4	147.0	(24.4)	85.8%
Operating income (ratio)	19.2 11.2%	11.5 7.8%	(7.7) (3.4%)	59.9% -

## Material and Engineering Business

	FY2019 Result (C)	FY2020 Forecast (D)	Change from year-ago period (D)-(C)	Ratio to year-ago period (D) ÷ (C)
Orders received	46.2	48.5	2.3	105.0%
Net sales	42.8	40.0	(2.8)	93.5%
Operating income (ratio)	2.7 6.3%	1.5 3.8%	(1.2) (2.6%)	55.6% -

## Net Sales and Operating Income

	FY2019 Result (A)	FY2020 Forecast (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Plastic production and processing machinery	61.3	61.0	(0.3)	99.5%
Molding machines	65.3	45.0	(20.3)	68.9%
Other products	44.8	41.0	(3.8)	91.5%
<b>Total</b>	<b>171.4</b>	<b>147.0</b>	<b>(24.4)</b>	<b>85.8%</b>
Operating income	19.2	11.5	(7.7)	59.9%

## Orders Received

(in billions of yen)

	FY2019 Result (C)	FY2020 Forecast (D)	Change from year-ago period (D)-(C)	Ratio to year-ago period (D) ÷ (C)
	60.8	59.0	(1.8)	97.0%
	53.3	45.0	(8.3)	84.4%
	48.5	43.0	(5.5)	88.7%
<b>Total</b>	<b>162.6</b>	<b>147.0</b>	<b>(15.6)</b>	<b>90.4%</b>



## Net Sales and Operating Income

	FY2019 Result (A)	FY2020 Forecast (B)	Change from year-ago period (B)-(A)	Ratio to year-ago period (B) ÷ (A)
Steel castings and forgings	19.6	20.5	0.9	104.6%
Clad steel plates and pipes	12.8	11.0	(1.8)	85.9%
Engineering, etc.	10.4	8.5	(1.9)	81.7%
Total	42.8	40.0	(2.8)	93.5%
Operating income	2.7	1.5	(1.2)	55.6%

## Orders Received

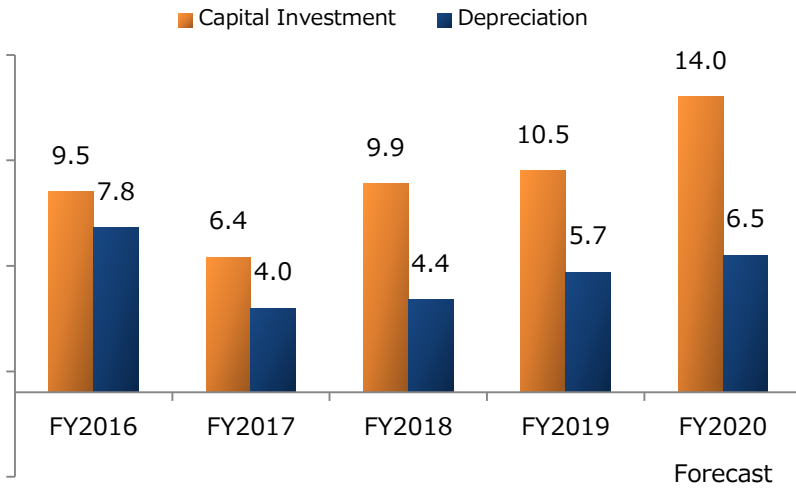
(in billions of yen)

	FY2019 Result (C)	FY2020 Forecast (D)	Change from year-ago period (D)-(C)	Ratio to year-ago period (D) ÷ (C)
	22.9	21.0	(1.9)	91.7%
	14.9	18.0	3.1	120.8%
	8.4	9.5	1.1	113.1%
Total	46.2	48.5	2.3	105.0%

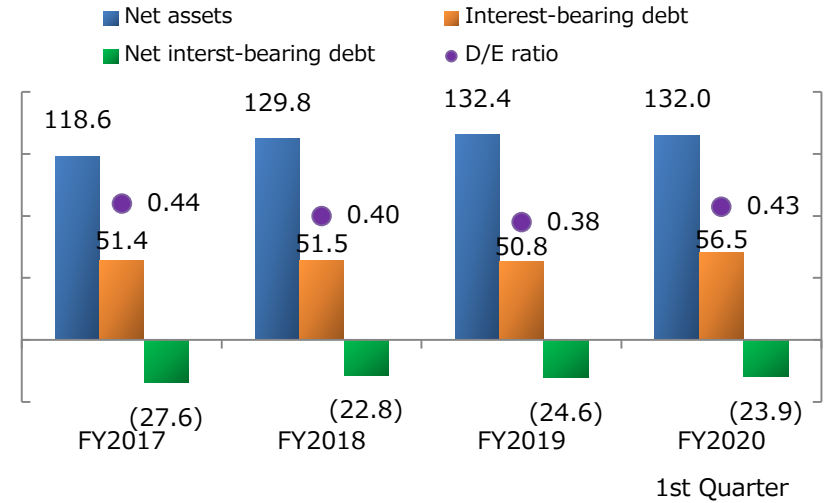
# Capital Investment, Depreciation, Cash Flows, Financial Position and R&D costs

(in billions of yen)

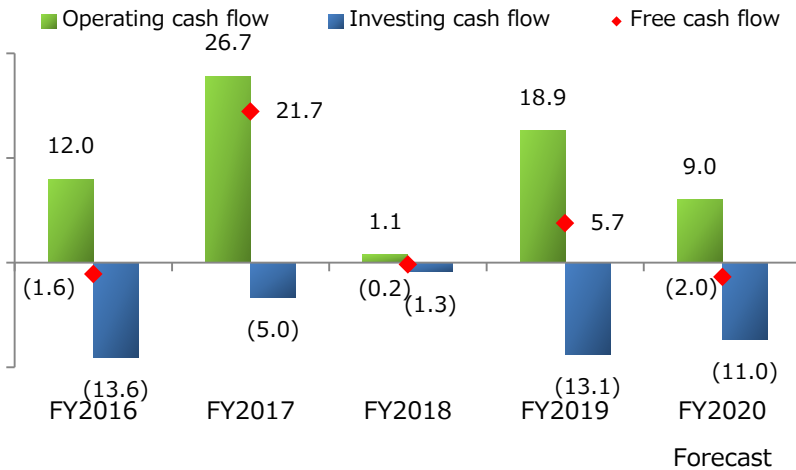
## Capital investment and depreciation



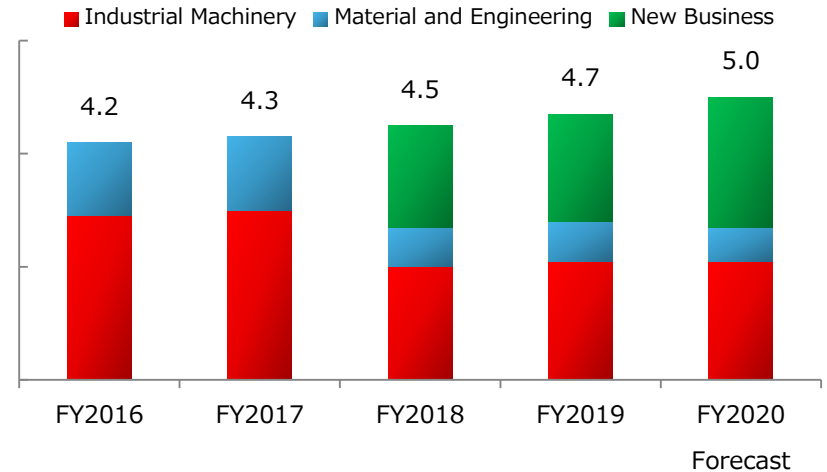
## Financial position



## Cash flows

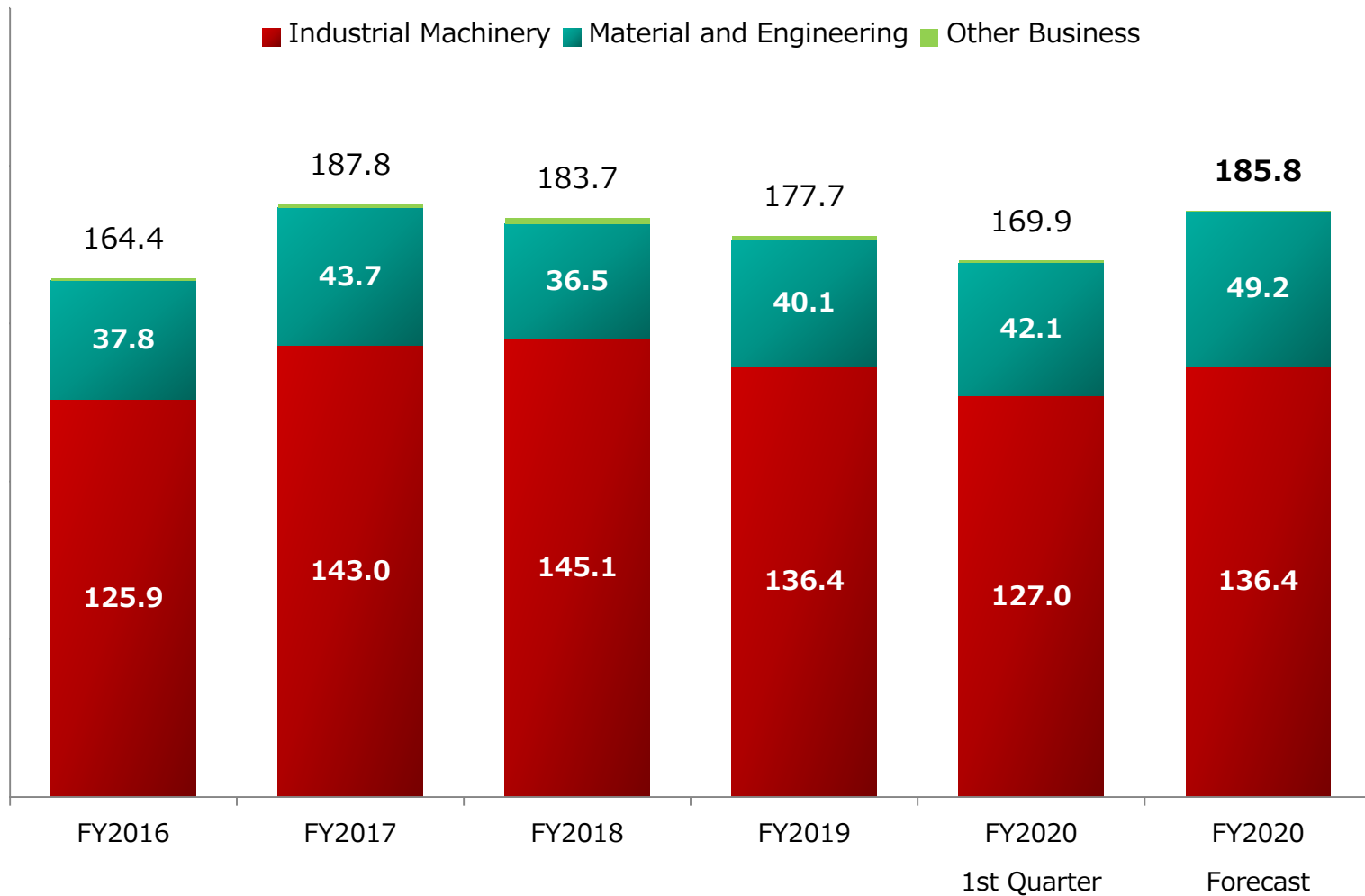


## R&D costs



(in billions of yen)

## Trend for Order Backlog by Business Segments














# BUSINESS OVERVIEW

## PART III



Industrial Machinery Products Business	Climate (Compared to last year)	Market Condition
Film and sheet manufacturing equipment		There are signs of recovery from downturn by COVID-19. For separator-film-use, market is in trend of recovery.
Pelletizers		Active market continues mainly in China.
Twin-screw extruders		While the market is unclear for the recession from last year and COVID-19, there are signs of recovery.
Molding machines		Market is severe due to the recession from last year and COVID-19.
FPD Equipment		While markets in Japan, South Korea and Taiwan are inactive, recovery in China is seeable mainly for smartphones.
After-sales services		While there was a large effect of COVID-19 in the first quarter, the market is slowly recovering.

Material and Engineering Business	Climate (Compared to last year)	Market Condition
Steel castings and forgings		Severe condition continues due to COVID-19.
Clad steel plates and pipes		There is a concern that a large amount of order shifts to the next year because of delay in LNG project due to the downfall of crude oil prices.
Engineering, etc.		While market is unclear due to COVID-19, plant renovation is steady.



# REFERENCE



# Trends of Net Sales, Operating Income and Profit

(in billions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 1Q	FY2020 (forecast)
Net Sales	194.6	223.3	212.4	212.9	220.1	217.5	41.5	190.0
Industrial Machinery Products Business	126.3	144.3	159.3	170.2	173.6	171.4	34.2	147.0
Plastic production and processing machinery	32.5	36.4	36.1	50.2	52.5	56.9	13.5	61.0
Molding machines	53.6	56.4	57.6	64.5	72.7	65.3	9.8	45.0
FPD equipment	-	-	-	-	16.4	11.4	-	-
Other products	25.0	32.6	46.8	37.0	20.4	22.5	10.9	41.0
Consolidated subsidiaries, etc.	15.2	18.9	18.8	18.5	11.6	15.3	-	-
Material and Engineering Business	66.2	74.8	51.2	40.8	41.2	41.4	6.8	40.0
Steel castings and forgings	-	-	-	-	-	22.3	3.7	20.5
Electric and nuclear power	27.4	19.2	19.3	17.2	12.5	-	-	-
Pressure vessel for oil refineries	4.2	1.4	1.7	1.0	-	-	-	-
Clad steel plates and pipes	16.2	39.3	13.5	7.0	13.0	12.8	1.5	11.0
Engineering, etc.	-	-	-	-	-	-	1.6	8.5
Wind turbines	5.7	1.2	3.9	1.6	-	-	-	-
Other products	7.0	6.9	5.3	5.5	9.5	-	-	-
Consolidated subsidiaries, etc.	5.7	6.8	7.5	8.5	6.2	6.3	-	-
Other Businesses	2.0	4.0	1.8	1.7	5.2	4.6	0.5	3.0
Operating Income	7.5	14.4	12.3	21.3	24.2	18.7	1.0	7.0
Industrial Machinery Products Business	11.3	12.4	15.1	23.8	23.5	19.2	3.4	11.5
Material and Engineering Business	(3.9)	0.7	(2.8)	(1.5)	2.6	2.4	0.3	1.5
Other Businesses	0.9	2.0	0.9	0.8	0.3	(0.1)	0.0	0.0
Profit	(5.3)	(16.6)	(4.9)	10.7	19.9	9.3	0.9	4.0

※Sub-segment changed in FY2020;

- Three subsidiaries (GME, Nichiyu and SMP), which used to be included in “Consolidated subsidiaries, etc.,” is now included in “Plastic production and processing machinery.”
- “FPD equipment” and “Consolidated subsidiaries, etc.” is now included in “Other products.”

- Pressure vessel for oil refineries, which used to be included in “Steel castings and forgings,” and maintenance of wind turbines, which used to be included in “Other Businesses,” is now included in “Engineering, etc.”



# Trends of Situation in Assets and Cash Flow

(in billions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020 1Q
Total Assets	319.6	293.1	275.3	297.4	305.5	297.1	301.1
Industrial Machinery Products Business	108.4	124.3	123.7	128.1	150.0	149.9	-
Material and Engineering Business	111.4	60.2	37.5	40.3	39.3	39.3	-
Other Businesses	13.0	12.0	11.8	11.7	14.6	8.0	-
Net Assets	138.2	111.3	107.5	118.6	129.8	132.4	132.0
Net Assets per Share (yen) ※	368.81	299.41	1,446.44	1,592.47	1,746.91	1,778.94	-
Equity Ratio (%)	42.7	37.5	38.6	39.3	42.0	44.0	43.3
Return on Equity (%)	(3.9)	(13.5)	(4.6)	9.6	16.3	7.2	-
Operating Cash Flow	11.5	19.7	12.0	26.7	1.1	18.9	-
Investing Cash Flow	(2.6)	(12.1)	(13.5)	(5.0)	(1.3)	(13.1)	-
Financing Cash Flow	(2.9)	4.7	(1.2)	(2.4)	(3.7)	(6.1)	-
Cash and Cash Equivalents at End of the Period	49.1	61.4	58.6	77.8	73.8	74.4	-

※Since FY2016, amounts are after reserve split of stocks

At The Japan Steel Works, Ltd., we will comply with all laws and international rules, both to the letter and in spirit, and fulfill our social responsibilities with a strong sense of ethics in Japan and overseas as a company that aims to realize a sustainable society based on the following ten principles.

1. To promote sustainable economic growth and the resolution of social issues, we will develop useful products, technologies and services that give consideration to safety through innovation and provide them to society.
2. We will conduct appropriate transactions and responsible procurement based on fair and free competition. We will also maintain sound relationships with political and government bodies.
3. To enhance our corporate value, we will make appropriate corporate information available to the public willingly and fairly and have constructive dialogues with a wide range of stakeholders.
4. We will respect the human rights of all people.
5. We will earn the trust and satisfaction of society and customers by responding promptly to inquiries from customers after reflecting the market and customer needs in our products, technologies and services.
6. We will provide a sound working environment by developing workstyles that respect the diversity, personality and individuality of employees.
7. We will take actions proactively, recognizing that addressing environmental issues is an important duty for us as a company.
8. We will participate in the community and contribute to its development as a corporate citizen.
9. We will conduct thorough and systematic crisis management against antisocial forces, terrorism, cyberattacks and natural disasters, etc. that will pose a threat to civil society and corporate activities.
10. Recognizing the realization of the spirit of this code of behavior as its own role, our management will make it fully known to the employees of the Company and its affiliates after establishing effective governance and encourage the chains to perform acts based on the spirit of this code of behavior.  
If any situation that will lose the trust of society occurs in conflict with the spirit of this code of behavior, our management will take the initiative in solving the problem, investigating the cause and preventing recurrence to fulfill our responsibility.

A hand with a finger pointing towards a button. The button is oval-shaped with a metallic rim and contains the text 'FUTURE' above a horizontal line and 'START' below it. The background is dark and textured.

**FUTURE**  
**START**

**JSW**  
**THE JAPAN STEEL WORKS, LTD.**