

Message from the President

Overview of Fiscal 2014

Business performance

In fiscal 2014, ended March 31, 2015, the world economy overall continued on a moderate recovery. In Asia, there were signs of an economic slowdown in China as well as in some other emerging nations. Meanwhile, the U.S. economy recovered modestly thanks to healthy personal consumption, and the European economy continued showing indications of a turnaround. The Japanese economy as well recovered moderately on the back of higher corporate earnings, coupled with improved employment and worker income conditions, despite signs of weak personal consumption owing to a pullback in demand in the wake of the consumption tax hike.

The operating environment for the JSW Group remained challenging. Despite improving export conditions thanks to yen depreciation, as well as an expanding market for molding machinery related to automobiles and IT equipment, the Group faced intensifying global competition driven by

manufacturers in emerging nations, along with a delayed recovery in the market for nuclear power products.

Under these circumstances, the Group advanced its business activities with the aims of “improving profits and efficiency while pursuing revenue scale” and “enhancing asset efficiency and profitability.” For the year, total orders amounted to ¥205,906 million (US\$1,713 million), up 10.4% from the previous fiscal year. This improvement was due to increased orders generated by both the Steel and Energy Products Business and the Industrial Machinery Products Business segments. Net sales rose 3.2%, to ¥194,674 million (US\$1,619 million), owing to higher sales in the Industrial Machinery Products Business. Operating income declined 7.3%, to ¥8,217 million (US\$68 million). However, we reported a net loss of ¥3,740 million (US\$31 million), compared with net income of ¥5,527 million (US\$45 million) in the previous fiscal year. This was due to provision for loss on wind power business, booked as an extraordinary loss.

Looking ahead, the world economy is expected to recover moderately, driven by the U.S.

and other industrialized economies, and the Japanese economy is also forecast to continue its modest recovery. However, the economies of China and emerging nations, as well as Europe, have unstable elements, including downside risk, geopolitical risk, and the effects of low crude oil prices. In summary, therefore, the economic outlook remains uncertain.

Facing these challenges, the JSW Group has formulated a new medium-term management plan, entitled JGP2017, covering the three-year period from April 2015 to March 2018. Under the plan, we will advance our business activities according to three basic policies: “Increase earnings power of existing businesses,” “Foster and swiftly mobilize new products and businesses,” and “Reinforce Group management and promote alliances.”

For fiscal 2015, the first year of the plan, our consolidated forecasts are: orders of ¥210.0 billion (US\$1,747 million), net sales of ¥210.0 billion (US\$1,747 million), operating income of ¥10.0 billion (US\$83 million) and net income attributable to owners of parent of ¥6.7 billion (US\$55 million).



June 2015

A handwritten signature in black ink that reads "I. Sato". The signature is written in a cursive, flowing style.

Ikuo Sato
Representative Director & President