

JGP2014 – the JSW Group’s New Medium-Term Management Plan

We have drawn up a new medium-term management plan, under the name of JGP2014, covering the three-year period from April 2012 to March 2015. Our twin goals under this plan are to become “the No.1 global *monozukuri* (manufacturing) company” and “a corporate group with a stable earnings structure and strong financial position.”

Overview of JGP2014 Medium-Term Management Plan

We aim to regain the growth path by building the Group’s products into the leading presence in the global market, and to marshal the total strength of all JSW Group companies – including new business alliances – to expand our business operations into new growth markets and business fields.

1. Overview

JGP2014: JSW Group Growth Plan FY2012-2014

- Our goal:
- To become the No.1 global *monozukuri* (manufacturing) corporate group
 - To provide the world’s best products and services and become a group fully capable of competing in the global marketplace
 - A corporate group with a stable earnings structure and strong financial position

2. Numerical targets

Sales	
FY2012	FY2014
¥225 billion	¥250 billion

Operating Income	
FY2012	FY2014
¥15.2 billion 6.8% (Operating income margin)	¥27 billion 10% or higher

ROE	
FY2012	FY2014
7%	10% or higher

Capital Ratio	
FY2012	FY2014
43%	48% or higher

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- Plan recovery in steel products segment and sustained growth in industrial machinery segment
 - Strengthen our business base following the end of the current medium-term plan

Basic Management Policies

1. Grow our products into global market leaders

- Steps to strengthen the competitiveness of our products to be undertaken as Groupwide project (under name of Global No.1 Project), leveraging comprehensive strength of entire Group and involving prioritized allocation of management resources

2. Strengthen expansion of business operations into growth markets and growth fields

- Growth markets = Asia, emerging nations
- Growth fields = energy/environment, electronics/information & telecommunications, motor vehicles: →expand technological fields, scope of business, and customer base through fusion with materials technology and mechatronics

Scale of business in growth markets (orders)

	FY2011	FY2014 (current medium-term plan)
Emerging nations	¥40 billion	¥60 billion
(of which, China)	(¥20 billion)	(¥35 billion)

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3. Creating global network of *monozukuri* alliances

- To cope with changes in the business environment, particularly in our main markets and in the competitive structure, we must abandon the go-it-alone approach and form alliances toward specific targets, and must also speed up the development of our operations
- Selection as appropriate from various methods, including M&As, capital tie-ups, business alliances, licensing agreements, and so on

4. Strengthen business base

- Reinforce control over affiliated companies and reorganize Group structure to strengthen the Group’s management
- Invest in the training of human resources and globalization
- Implement strategic investments
- Strengthen financial position through more efficient employment of working capital and strict management of strategic investments
 - aiming at numerical targets of ROE 10% or higher and capital ratio of 48% or higher by FY2014

Capital investment	¥6 billion/year
R&D expenditure	¥5 billion/year
Other strategic investments	¥10 billion+α/3 years

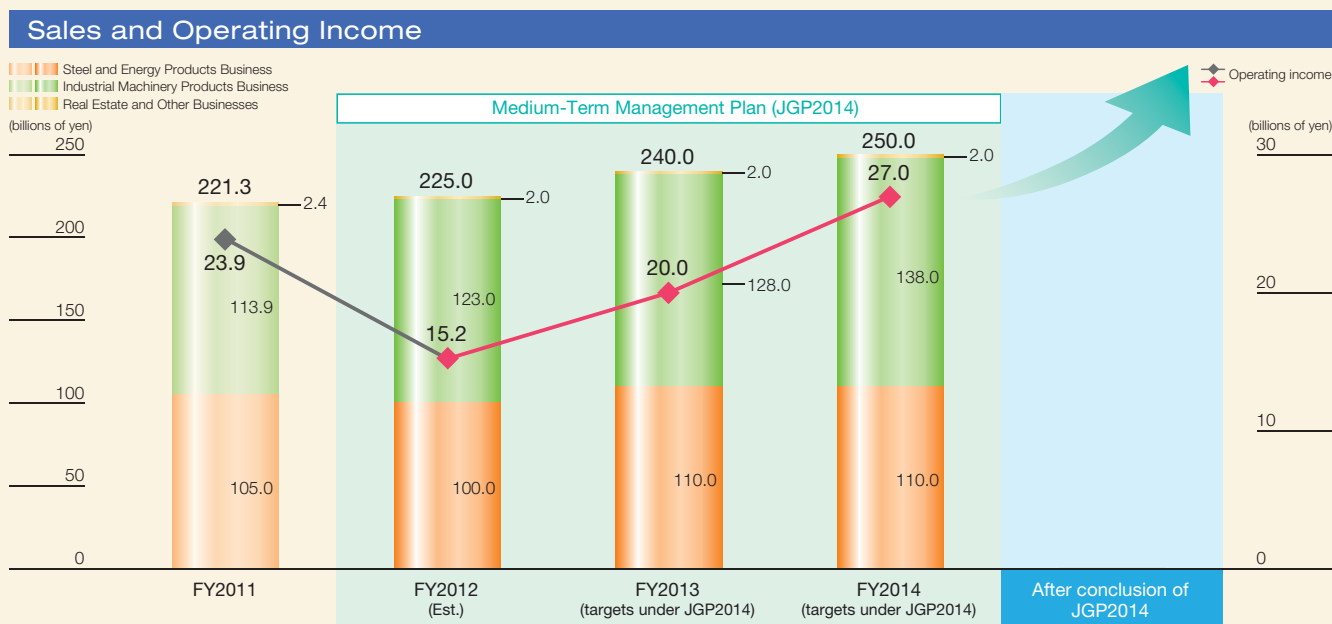
Projected Development of Overall Business Performance and Indicators During JGP2014 Plan Period

Regaining the growth path by realizing our goals under JGP2014

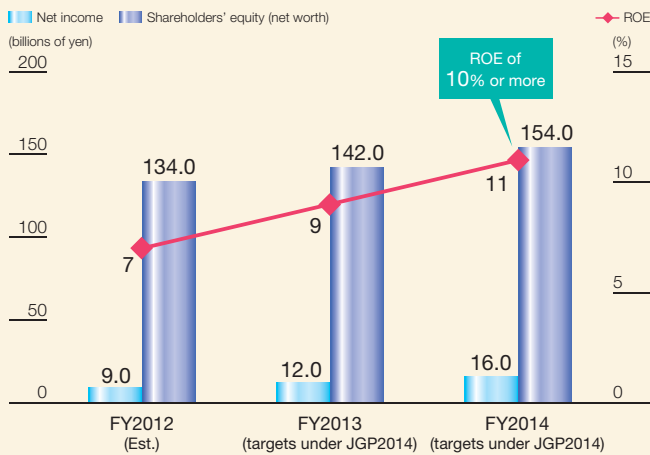
Laying the groundwork for attainment of ¥300 billion annual sales after end of JGP2014

Steel and Energy Products Business	Expand lineup of energy-related products and construct production and marketing system to meet needs of emerging nations
Industrial Machinery Products Business	Expand earnings by strengthening technology to create superior products and by launching new products, to expand operations in growth markets and growth fields

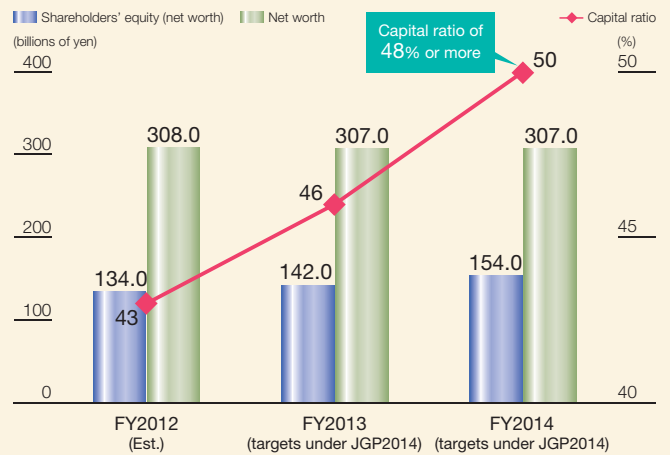
Examine and implement a variety of alliances to enhance the Group’s manufacturing capabilities in pursuit of these objectives



Return on Equity (ROE)

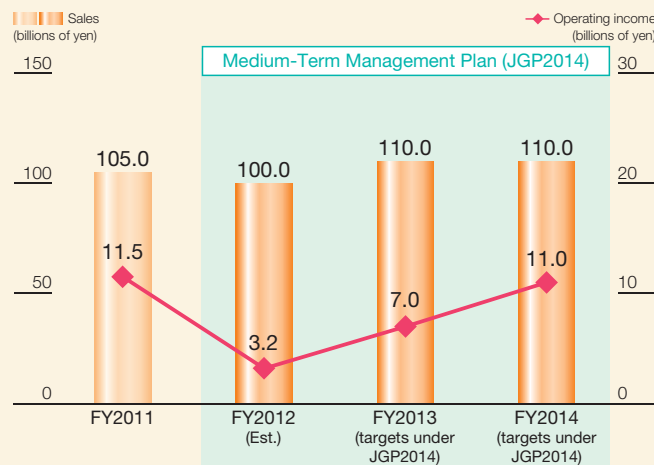


Capital Ratio



Basic Strategies, Sales, and Operating Income by Segment

Steel and Energy Products Business



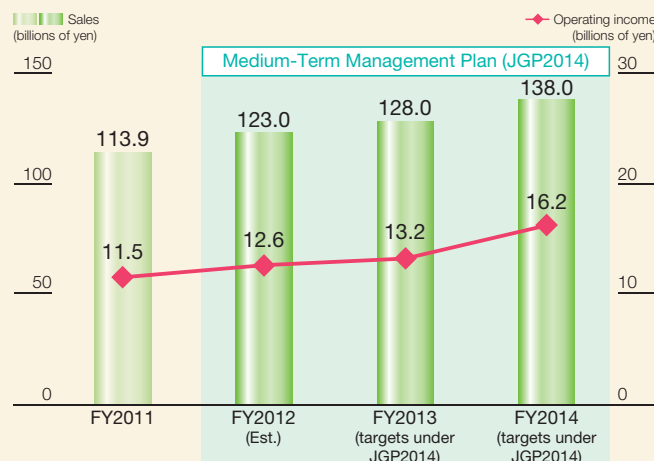
Basic Strategies

- Maintain scale of sale of nuclear power products through marketing initiatives in countries newly developing their nuclear power sectors (¥45-50 bn)
- Expand sales of clad steel plates & pipes and wind turbine systems by taking advantage of demand trends
- Reinforce price-competitiveness through construction of global alliances
- Raise capacity utilization rate to make full use of state-of-the-art production equipment
- Develop products in new fields, as well as new businesses



Sales to Recover from a Bottom in FY2012

Industrial Machinery Products Business



Basic Strategies

- Raise the Group's global profile through product differentiation
- Improve and reinforce organizational structure to expand service operations
- Improve processing technology to expand sales of plant equipment
- Strengthen price-competitiveness to win orders in emerging markets
- Develop new products in new business fields through integration of platform technologies



Maintain Growth beyond FY2012