

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2018 (Based on Japanese GAAP)

November 5, 2018

Company name: The Japan Steel Works, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5631 URL <http://www.jsw.co.jp/>
 Representative: Representative Director & President Naotaka Miyauchi
 General Manager, General Affairs
 Inquiries: Department Atsuya Hodota TEL 03-5745-2001
 Scheduled date to file Quarterly Securities Report: November 13, 2018
 Scheduled date to commence dividend payments: December 5, 2018
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	109,681	5.0	12,371	22.6	13,685	32.2	11,943	57.3
Six months ended September 30, 2017	104,434	(1.8)	10,089	45.5	10,350	40.5	7,592	48.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2018	162.52	—
Six months ended September 30, 2017	103.32	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	307,552	128,196	41.3
As of March 31, 2018	297,365	118,600	39.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	17.50	—	20.00	37.50
Year ending March 31, 2019	—	25.00	—	—	—
Year ending March 31, 2019 (Forecast)	—	—	—	25.00	50.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	227,000	7.2	24,000	16.6	25,000	13.0	20,000	86.7	272.15

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2018	74,309,108 shares	As of March 31, 2018	74,292,607 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	802,880 shares	As of March 31, 2018	802,503 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	73,490,014 shares	Six months ended September 30, 2017	73,491,002 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	79,032	86,734
Notes and accounts receivable - trade	54,542	56,518
Merchandise and finished goods	2,027	2,200
Work in process	54,663	55,272
Raw materials and supplies	5,191	5,548
Other	5,710	6,152
Allowance for doubtful accounts	(142)	(137)
Total current assets	201,024	212,290
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,400	13,985
Machinery, equipment and vehicles, net	5,689	6,044
Other, net	12,228	12,781
Total property, plant and equipment	33,317	32,811
Intangible assets		
Goodwill	509	373
Other	1,265	1,673
Total intangible assets	1,774	2,046
Investments and other assets		
Investment securities	34,670	35,103
Other	26,981	25,698
Allowance for doubtful accounts	(402)	(398)
Total investments and other assets	61,249	60,403
Total non-current assets	96,341	95,261
Total assets	297,365	307,552
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,957	56,665
Short-term loans payable	12,004	11,833
Income taxes payable	2,296	4,022
Advances received	18,843	18,529
Provision for loss on business of wind power	3,365	2,855
Provision for business restructure	6,389	5,247
Other provision	2,608	2,104
Other	14,954	15,842
Total current liabilities	115,418	117,100
Non-current liabilities		
Long-term loans payable	39,268	39,285
Provision	75	68
Net defined benefit liability	10,046	10,011
Asset retirement obligations	1,364	1,360
Other	12,591	11,529
Total non-current liabilities	63,346	62,255
Total liabilities	178,765	179,356

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	19,694	19,716
Capital surplus	5,467	5,362
Retained earnings	86,256	96,730
Treasury shares	(2,310)	(2,312)
Total shareholders' equity	109,107	119,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,269	7,479
Deferred gains or losses on hedges	305	(300)
Foreign currency translation adjustment	(21)	(255)
Remeasurements of defined benefit plans	370	460
Total accumulated other comprehensive income	7,923	7,384
Non-controlling interests	1,569	1,313
Total net assets	118,600	128,196
Total liabilities and net assets	297,365	307,552

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	104,434	109,681
Cost of sales	80,511	82,902
Gross profit	23,923	26,779
Selling, general and administrative expenses	13,833	14,407
Operating profit	10,089	12,371
Non-operating income		
Interest income	15	23
Dividend income	412	461
Share of profit of entities accounted for using equity method	–	85
Miscellaneous income	826	1,060
Total non-operating income	1,254	1,630
Non-operating expenses		
Interest expenses	134	122
Share of loss of entities accounted for using equity method	1	–
Miscellaneous loss	858	194
Total non-operating expenses	993	317
Ordinary profit	10,350	13,685
Extraordinary income		
Gain on sales of non-current assets	21	3,785
Gain on sales of investment securities	791	237
Other	1	–
Total extraordinary income	815	4,022
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	128	57
Loss on disaster	–	251
Other	3	–
Total extraordinary losses	132	309
Profit before income taxes	11,033	17,398
Income taxes - current	1,076	4,261
Income taxes - deferred	2,245	1,071
Total income taxes	3,322	5,333
Profit	7,711	12,065
Profit attributable to non-controlling interests	118	121
Profit attributable to owners of parent	7,592	11,943

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	7,711	12,065
Other comprehensive income		
Valuation difference on available-for-sale securities	1,554	210
Deferred gains or losses on hedges	281	(606)
Foreign currency translation adjustment	(62)	(271)
Remeasurements of defined benefit plans, net of tax	255	94
Total other comprehensive income	2,029	(572)
Comprehensive income	9,740	11,492
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,613	11,405
Comprehensive income attributable to non-controlling interests	126	87