



Business Results for the Six Months of the Fiscal Year Ending March 31, 2017

November 15, 2016

The Japan Steel Works, LTD.

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Contents

P1	Contents & Cautionary Notes
P2	Structure and Products of Business Divisions
P3	Section 1 Actual Results for the Six Months Ended September 30,2016
P4	1. Actual Results for the First Half of FY2016
P5	2. Increase/Decrease in Operating Income (compared to the first half of FY2015)
P6	3. Net Sales, Operating Income and Orders Received by Segment
P7	4. Steel and Energy Products Business: By Major Products [Net Sales, Operating Income and Orders]
P8	5. Industrial Machinery Business : By Major Products [Net Sales, Operating Income and Orders]
P9	6. Capital Investment, Depreciation, Cash Flow and Financial Position
P10	Section 2 Forecast for the Fiscal Year Ending March 31, 2017
P11	1. Forecast for FY2016
P12	2. Forecast for Increase/Decrease in Operating Income (compared to original forecast)
P13	3. Forecast for Net Sales, Operating Income and Orders Received by Segment
P14	4. Forecast for Steel and Energy Products Business: By Major Products [Net Sales, Operating Income and Orders]
P15	5. Forecast for Industrial Machinery Business : By Major Products [Net Sales, Operating Income and Orders]
P16	6. Order Backlog

Cautionary Notes

- 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, “original forecast values” are those released on May 18, 2016.

Structure and Products of Business Divisions



Section 1

Actual Results for the Six Months Ended September 30, 2016

1. Actual Results for the First Half of FY2016

Orders received and net sales were mostly as forecast, but a sales growth and a cost reduction contributed to achieving an increase in operating income.

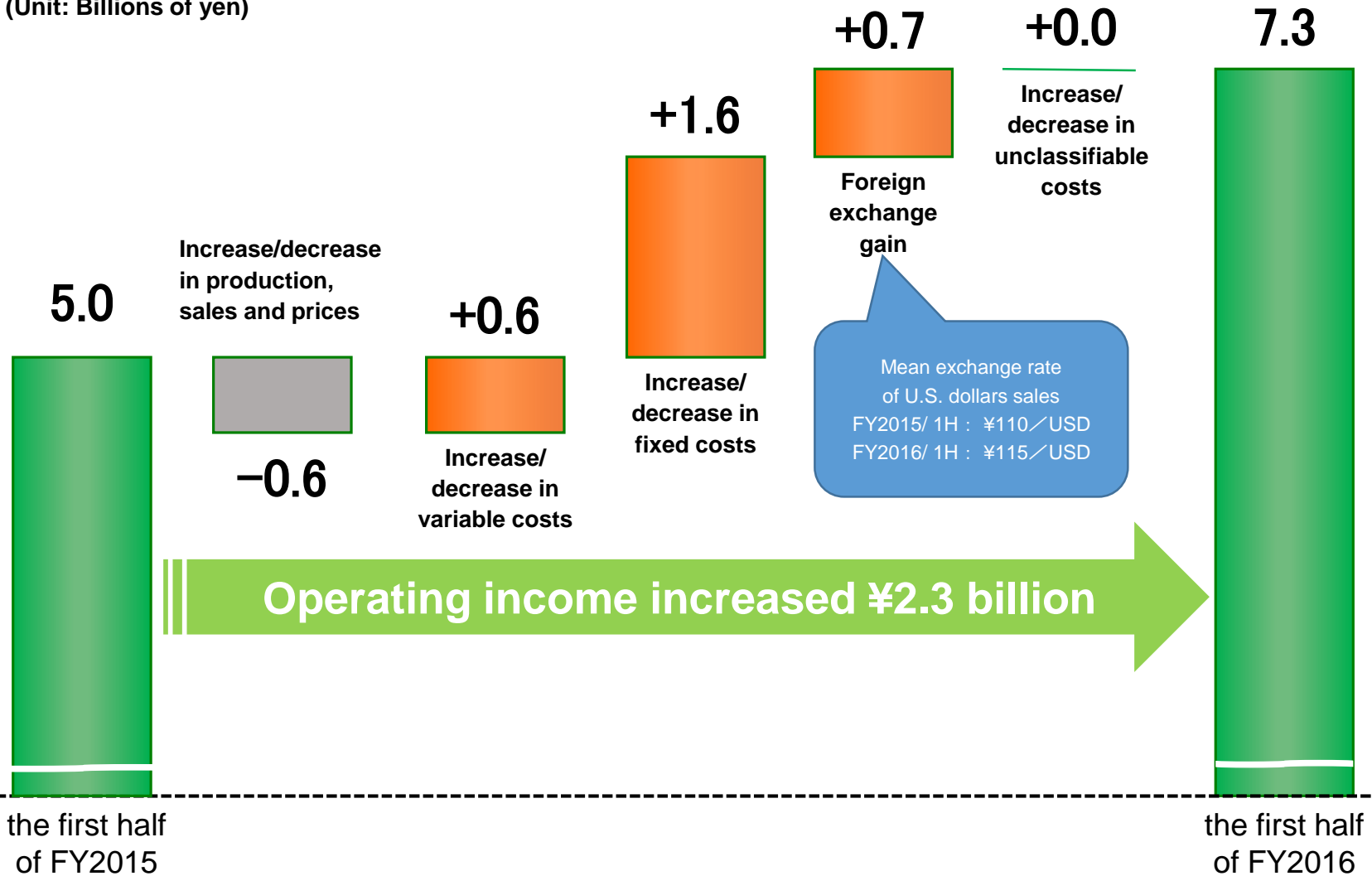
(Unit: Billions of yen)

	First half of FY2015 (A)	First half of FY2016		Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
		Original forecast (B)	Actual Results (C)		
Orders received	96.2	98.0	96.1	(0.1)	(1.9)
Net Sales	94.6	110.0	107.0	12.4	(3.0)
Operating income (ratio)	5.0 5.3%	5.0 4.5%	7.3 6.9%	2.3	2.3
Ordinary income	5.3	5.0	7.4	2.1	2.4
Profit (Loss)	3.1	3.0	5.1	2.0	2.1
Profit (Loss) per share (yen)	8.62	8.19	13.90	5.28	5.71
Dividends per share (yen)	2.5	2.5	2.5	0.0	0.0

2. Increase/Decrease in Operating Income (compared to the first half of FY2015)

An increase in production and sales of industrial machinery products contributed to achieving a significant 46% increase in operating income.

(Unit: Billions of yen)



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

Net sales of industrial machinery products were increased from a year earlier due to rising demand, whereas orders received of steel and energy products did not change from a year earlier.

Steel and Energy Products Business

(Unit: Billions of yen)

	First half of FY2015 (A)	First half of FY2016		Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
		Original forecast (B)	Actual results (C)		
Orders received	18.0	56.0	18.3	0.3	33%
Net Sales	31.3	58.0	23.4	(7.9)	40%
Operating income (Loss) (ratio)	(0.5) -1.6%	(2.0) -3.4%	(1.7) -7.2%	(1.2)	-

Industrial Machinery Products Business

	First half of FY2015 (A)	First half of FY2016		Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
		Original forecast (B)	Actual results (C)		
Orders received	77.0	162.0	76.7	△ 0.3	47%
Net Sales	62.1	160.0	82.5	20.4	52%
Operating income (Loss) (ratio)	5.3 8.6%	15.0 9.4%	9.0 10.9%	3.7	60%

4. Steel and Energy Products Business: By Major Products [Net Sales, Operating Income and Orders]

(Unit: Billions of yen)

	Net Sales, Operating income					Orders received				
	First half of FY2015 (A)	FY2016		Compared to the first half of FY2015 (C)-(A)	(C)/(B)	First half of FY2015 (D)	FY2016		Compared to the first half of FY2015 (F)-(D)	(F)/(E)
		Original forecast (B)	First half actual results (C)				Original forecast (E)	First half actual results (F)		
Electric and nuclear power	7.7	21.0	9.9	2.2	47%	5.4	18.5	6.0	0.6	32%
Pressure vessels for oil refineries	0.7	1.5	1.6	0.9	107%	0.5	1.5	0.2	(0.3)	13%
Clad steel plates and clad steel pipes	15.5	20.0	3.5	(12.0)	18%	3.0	22.5	6.5	3.5	29%
Wind turbines	0.8	3.0	3.0	2.2	100%	0.4	0.5	0.3	(0.1)	60%
Other	3.0	6.0	2.4	(0.6)	40%	5.0	6.5	2.2	(2.8)	34%
Consolidated Group companies, etc.	3.6	6.5	3.0	(0.6)	46%	3.7	6.5	3.1	(0.6)	48%
Total	31.3	58.0	23.4	(7.9)	40%	18.0	56.0	18.3	0.3	33%
Operating income (loss)	(5.0)	(20.0)	(17.0)	(12.0)	-					

5. Industrial Machinery Business : By Major Products [Net Sales, Operating Income and Orders]

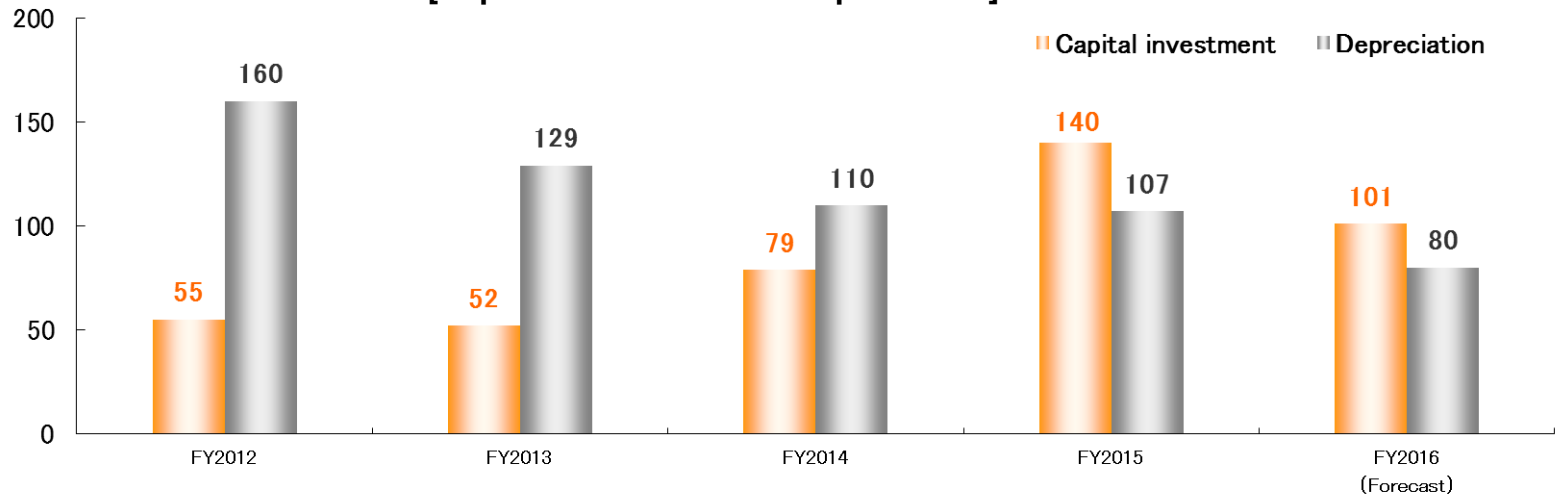
(Unit: Billions of yen)

	Net Sales, Operating income					Orders received				
	First half of FY2015 (A)	FY2016		Compared to the first half of FY2015 (C)-(A)	(C)/(B)	First half of FY2015 (D)	FY2016		Compared to the first half of FY2015 (F)-(D)	(F)/(E)
		Original forecast (B)	First half actual results (C)				Original forecast (E)	First half actual results (F)		
Plastic production and processing machinery	15.5	40.0	18.2	2.7	46%	18.3	42.0	19.0	0.7	45%
Molding machinery (consolidated)	28.6	58.0	29.1	0.5	50%	32.1	58.0	28.8	(3.3)	50%
Other	10.5	43.0	26.7	16.2	62%	19.0	42.0	20.8	1.8	50%
Consolidated Group companies, etc.	7.5	19.0	8.5	1.0	45%	7.6	20.0	8.1	0.5	41%
Total	62.1	160.0	82.5	20.4	52%	77.0	162.0	76.7	(0.3)	47%
Operating income (loss)	5.3	15.0	9.0	3.7	60%					

6. Capital Investment, Depreciation, Cash Flow and Financial Position

(Unit: Billions of yen)

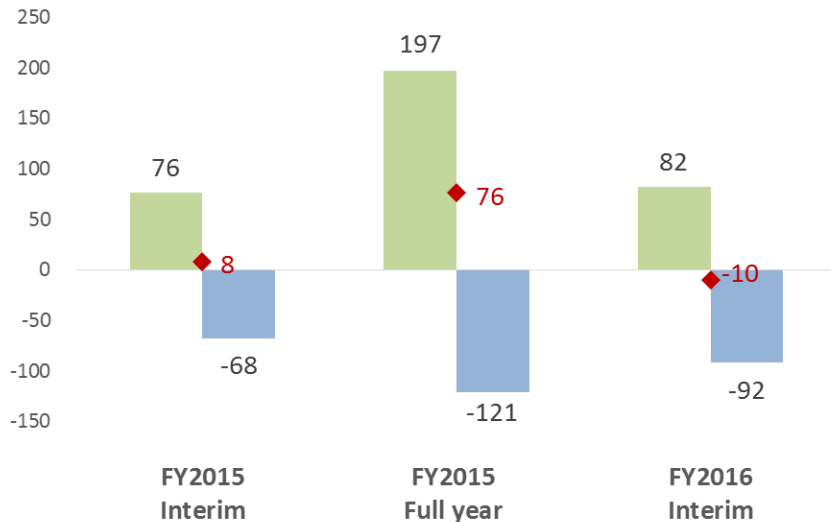
[Capital investment and depreciation]



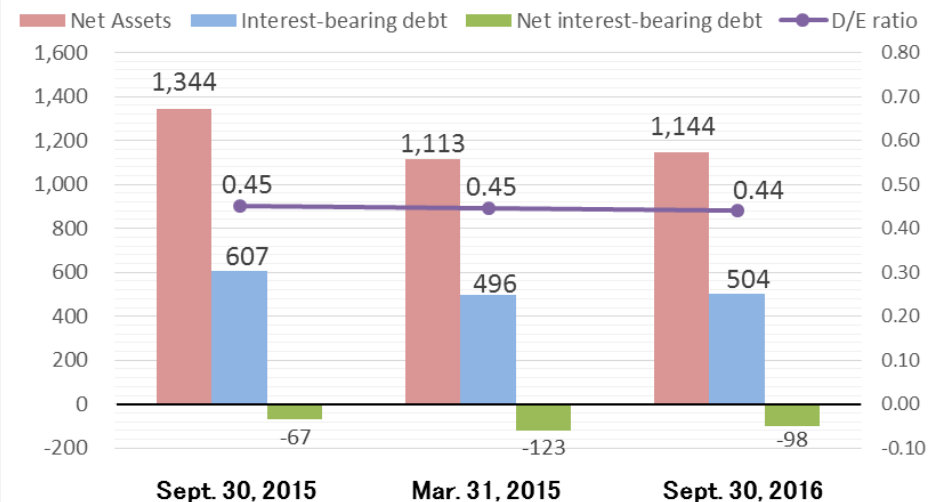
(Unit: Billions of yen)

[Cash Flows]

Operating cash flows (Green), Investing cash flows (Blue), Free Cash flows (Red)



(Unit: Billions of yen) [Financial Position]



Section 2

Projection for the Fiscal Year Ending March 31, 2017

1. Forecast for FY2016

Net sales and operating income are expected to be as original forecast, while orders received are expected to fall short of the target primarily due to a slump in orders related to the steel and energy products.

(Unit: Billions of yen)

	FY2015 (A)	FY2016 forecast				Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
		Original forecast (B)	First fiscal half (actual results)	Second fiscal half	Full year (C)		
Order received	211.6	220.0	96.1	113.9	210.0	(1.6)	(10.0)
Net sales	223.3	220.0	107.0	113.0	220.0	(3.3)	0.0
Operating income (ratio)	14.4 6.4%	12.0 5.5%	7.3 6.9%	4.7 4.1%	12.0 5.5%	(2.4)	0.0
Ordinary income	14.1	12.0	7.4	4.6	12.0	(2.1)	0.0
Profit (Loss)	(16.6)	8.0	5.1	2.9	8.0	24.6	0.0
Profit (Loss) per share (yen)*	(226.6)	108.9	69.5	39.3	108.9	335.5	0.0
Dividends per share (yen)*	25.0	25.0	12.5	12.5	25.0	0.0	0.0
ROE	-				Approximately 7%	-	-

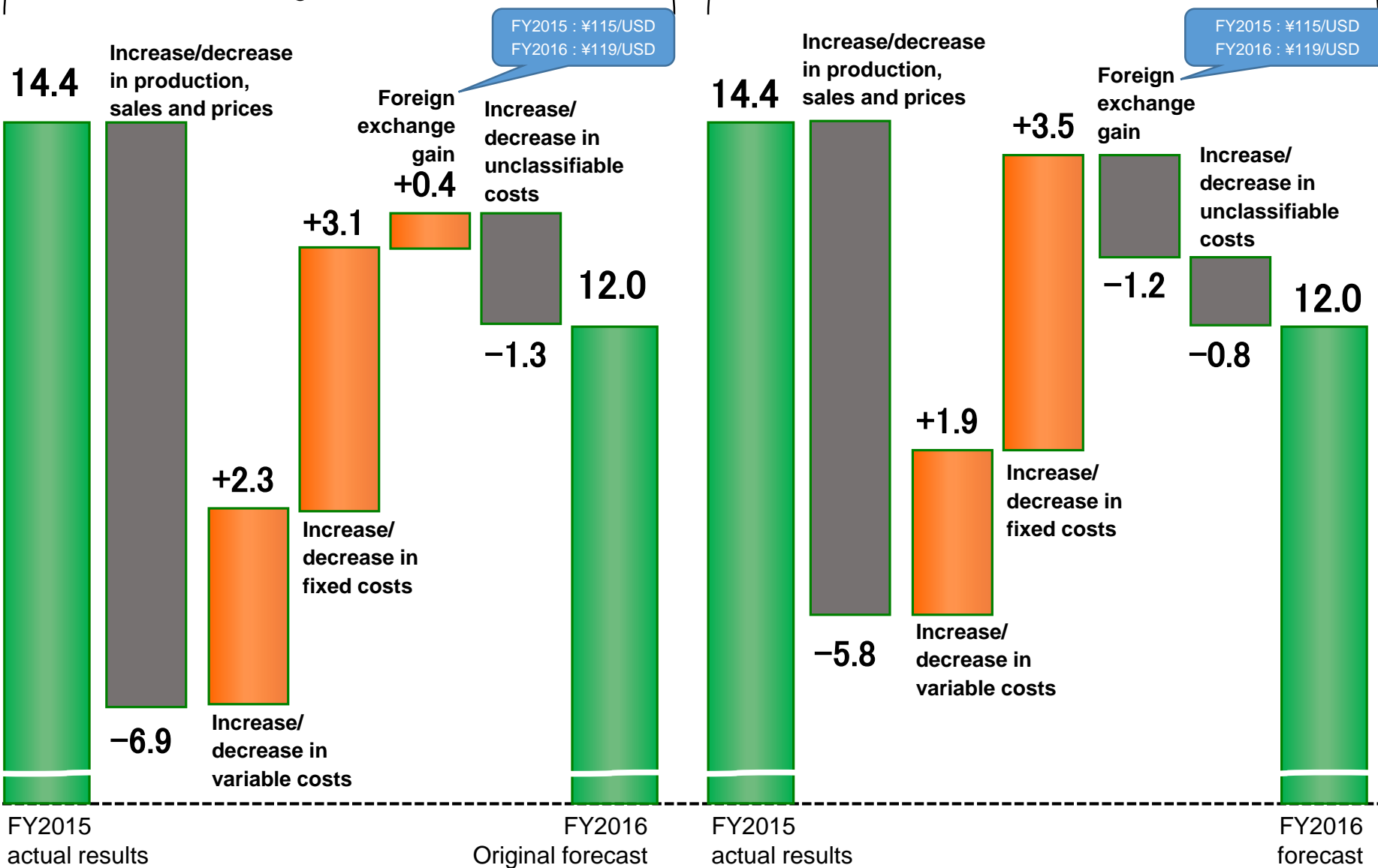
*The number of shares is based after the consolidation of shares dated October 1, 2016 to merge five stocks with one stock.

2. Forecast for Increase/Decrease in Operating Income (compared to original forecast)

(Unit: Billions of yen)

Original Forecast

Modified Forecast



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

Orders received of the steel and energy products are expected to be declined compared to original forecast, while that of the industrial machinery products are expected to be increased slightly.

(Unit: Billions of yen)

Steel and Energy Products Business

	FY2015 (A)	FY2016 forecast				Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
		Original forecast (B)	First fiscal half (actual results)	Second fiscal half	Full year (C)		
Order received	39.7	56.0	18.3	24.7	43.0	3.3	(13.0)
Net sales	74.8	58.0	23.4	31.6	55.0	(19.8)	(3.0)
Operating income (ratio)	0.7 0.9%	(2.0) -3.4%	(1.7) -7.2%	(1.3) -4.1%	(3.0) -5.5%	(3.7)	(1.0)

Industrial Machinery Products Business

	FY2015 (A)	FY2016 forecast				Compared to the previous year (C)-(A)	Compared to original forecast (C)-(B)
		Original forecast (B)	First fiscal half (actual results)	Second fiscal half	Full year (C)		
Order received	167.8	162.0	76.7	88.3	165.0	(2.8)	3.0
Net sales	144.3	160.0	82.5	80.5	163.0	18.7	3.0
Operating income (ratio)	12.4 8.6%	15.0 9.4%	9.0 10.9%	6.5 8.1%	15.5 9.5%	3.1	0.5

4. Forecast for Steel and Energy Products Business: By Major Products [Net Sales, Operating Income and Orders]

(Unit: Billions of yen)

Net Sales, Operating income

	FY2016 interim actual results	FY2015 Full-year actual results (A)	FY2016 Full-year			
			Original forecast (B)	Forecast (C)	Compared to previous year (C)-(A)	Compared to original forecast (C)-(B)
Electric and nuclear power	9.9	19.2	21.0	20.0	0.8	(1.0)
Pressure vessels for oil refineries	1.6	1.4	1.5	2.0	0.6	0.5
Clad steel plates and clad steel pipes	3.5	39.3	20.0	16.0	15.5	(4.0)
Wind turbines	3.0	1.2	3.0	3.5	2.3	0.5
Other	2.4	6.9	6.0	6.5	(0.4)	0.5
Consolidated Group companies, etc.	3.0	6.8	6.5	7.0	0.2	0.5
Total	23.4	74.8	58.0	55.0	(19.8)	(3.0)
Operating income (loss)	(1.7)	0.7	(2.0)	(3.0)	(3.7)	(1.0)

Orders received

	FY2016 interim actual results	FY2015 Full-year actual results (D)	FY2016 Full-year			
			Original forecast (E)	Forecast (F)	Compared to previous year (F)-(D)	Compared to original forecast (F)-(E)
	6.0	14.6	18.5	13.5	(1.1)	(5.0)
	0.2	1.1	1.5	0.5	(0.6)	(1.0)
	6.5	11.2	22.5	15.0	3.8	(7.5)
	0.4	(0.3)	0.5	0.5	0.8	0.0
	2.2	6.2	6.5	7.0	0.8	0.5
	3.0	6.9	6.5	6.5	(0.4)	0.0
Total	18.3	39.7	56.0	43.0	3.3	(13.0)

5. Forecast for Industrial Machinery Business : By Major Products [Net Sales, Operating Income and Orders]

(Unit: Billions of yen)

Net Sales, Operating income

	FY2016 interim actual results	FY2015 Full-year actual results (A)	FY2016 Full-year			
			Original forecast (B)	Forecast (C)	Compared to previous year (C)-(A)	Compared to original forecast (C)-(B)
Plastic production and processing machinery	18.2	36.4	40.0	40.5	4.1	0.5
Molding machinery (consolidated)	29.1	56.4	58.0	57.0	0.6	(1.0)
Other	26.7	32.6	43.0	45.0	12.4	2.0
Consolidated Group companies, etc.	8.5	18.9	19.0	20.5	1.6	1.5
Total	82.5	144.3	160.0	163.0	18.7	3.0
Operating income (loss)	9.0	12.4	15.0	15.5	3.1	0.5

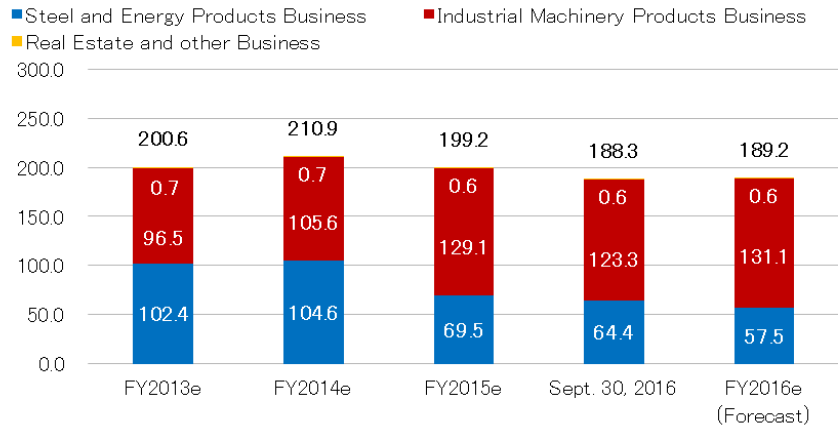
Orders received

	FY2016 interim actual results	FY2015 Full-year actual results (D)	FY2016 Full-year			
			Original forecast (E)	Forecast (F)	Compared to previous year (F)-(D)	Compared to original forecast (F)-(E)
	19.0	40.1	42.0	44.0	3.9	2.0
	28.8	59.4	58.0	56.0	(3.4)	(2.0)
	20.9	49.4	42.0	44.0	(5.4)	2.0
	8.0	18.9	20.0	21.0	2.1	1.0
Total	76.7	167.8	162.0	165.0	(2.8)	3.0

6. Order Backlog

Order backlog by segment

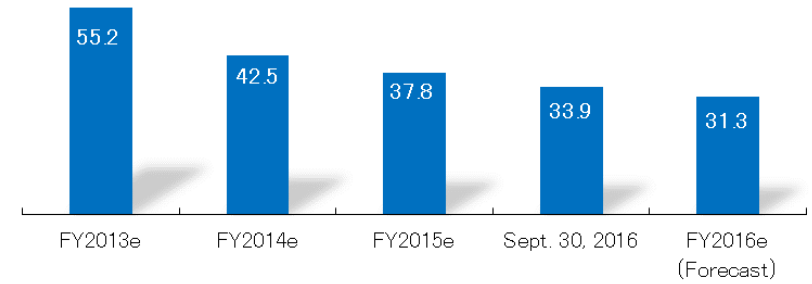
(Unit: Billions of yen)



Order backlog in "Electric and nuclear power"

(Unit: Billions of yen)

Electric and nuclear power



JSW 日本製鋼所