

Briefing Session Materials:

Financial Results

for the First Half of Fiscal 2014 Ending March 31, 2015

November 14, 2014

The Japan Steel Works, Ltd.

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Representative Director and President





















Forward-Looking Statements

- Forecasts of results and other forward-looking statements contained in this briefing document are based on assumptions that the Company considers to be reasonable based on information currently available to it. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors.

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Business Units and Products

Business Segments	Steel and energy products		Industrial machinery products		Real estate and other businesses
Products Divisions	Steel Business Division		Machinery Business Division	Ordnance Business Headquarters	
Production Facilities	Muroran Plant 		Hiroshima Plant 	Yokohama Plant 	
Products	<p>[Steel castings and forgings] ○ Thermal and nuclear power plant components </p> <p>[Steel plates and structures] ○ Reactors for oil refineries </p> <p>○ Others • Steel rolls for steelmaking • Steel for molds</p> <p>[Wind turbine systems] </p> <p>○ Clad steel plates and pipes </p>		<p>[Plastics machinery] ○ Plastics manufacturing and processing machinery • Pelletizers • Film & sheet production systems • Twin screw extruders for compound production</p>  <p>[Other machinery] ○ Light alloy injection molding machines • Magnesium alloy injection molding machines</p>  <p>○ Molding machines • Plastic injection molding machines • Blow molding machines</p>  <p>○ IT-related equipment (laser annealing equipment, etc.) </p> <p>○ Defense equipment ○ Compressors ○ Rolling stock components</p>		○ Effective utilization of real-estate properties
Markets	  		    		

Section 1:
**Earnings Results for the First Half of the Fiscal Year Ending
March 31, 2014 and Full-Year Projections**

(1) Financial Summary

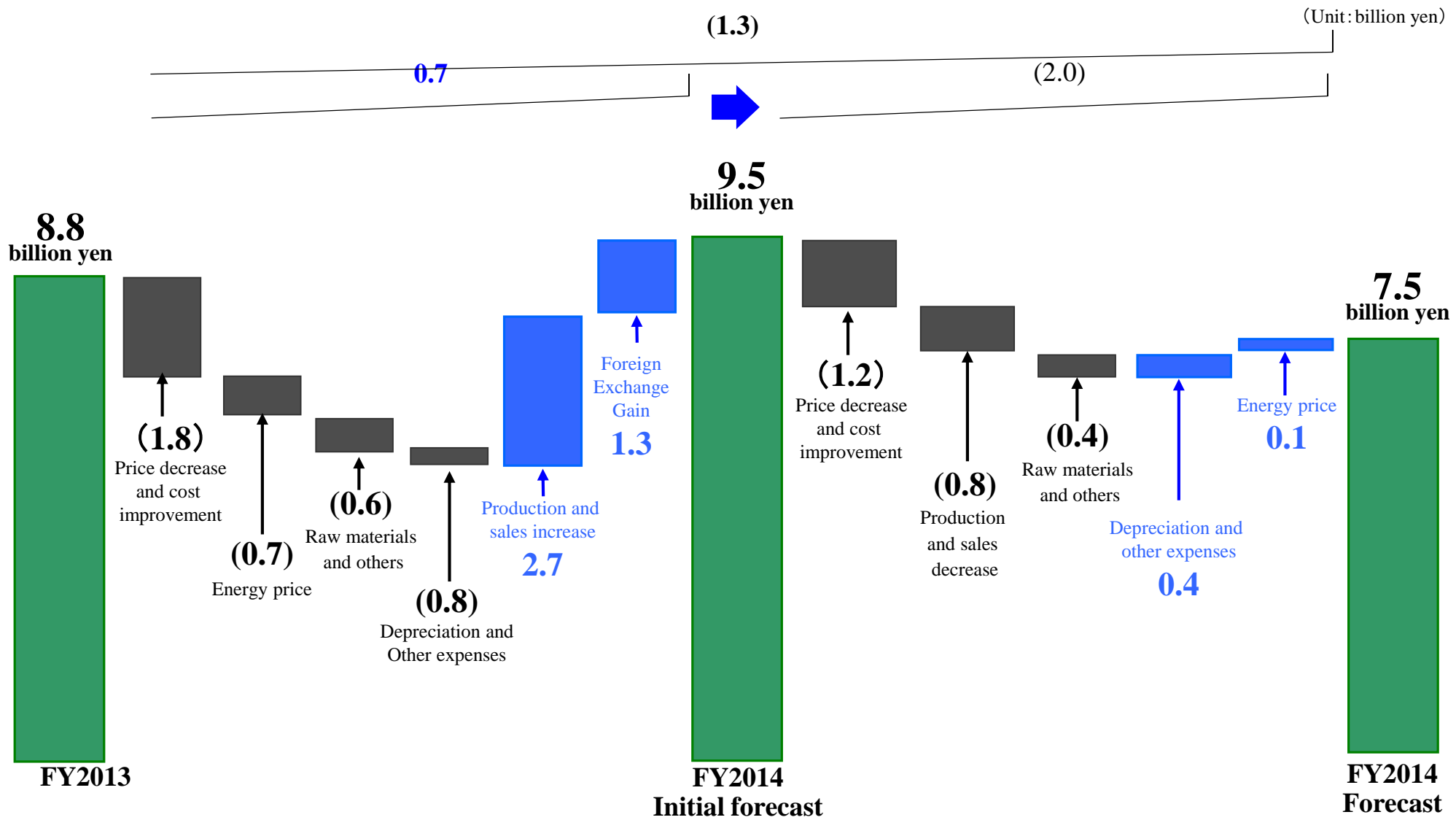
《FY Interim》

《FY Full year》

(Unit: billion yen)

	FY2013	FY2014			FY2013	FY2014		
		Initial forecast (A)	Actual (B)	Change from initial forecast (B) – (A)		Initial forecast (C)	forecast (D)	Change from initial forecast (D) – (C)
Orders received	89.8	92.0	101.8	9.8	186.5	205.0	215.0	10.0
Net sales	84.4	92.0	94.1	2.1	188.7	200.0	200.0	0.0
Operating income	2.3	4.0	3.6	(0.4)	8.8	9.5	7.5	(2.0)
(Operating margin)	2.7%	4.3%	3.8%		4.7%	4.8%	3.8%	
Ordinary income	2.9	4.5	4.8	0.3	9.7	10.0	8.5	(1.5)
Net income	1.7	3.0	(7.3)	(10.3)	5.5	6.0	(4.5)	(10.5)
Net income per share (yen)	4.80	8.10	(19.85)	(27.95)	14.92	16.19	(12.15)	(28.34)
Divident per share(yen)	2.5	2.5	2.0	(0.5)	5.0	5.0	4.0	(1.0)

(2) Factors Affecting Changes in Operating Income



(3) Sales, Operating Income, and Orders Received by Segment

《FY Interim》

《FY Full year》

(Unit : billion yen)

Steel & Energy Products

	FY2013 (A)	FY2014	
		Actual (B)	Year-on-year change (B) – (A)
Orders received	31.0	41.8	10.8
Sales	26.0	34.1	8.1
Operating income	(3.9)	(2.1)	1.8
(Operating margin)	-15.0%	-6.2%	

FY2013 (C)	FY2014			
	Initial forecast (D)	Forecast (E)	Year-on-year change (E) – (C)	Change from initial forecast (E) – (D)
57.1	69.0	74.0	16.9	5.0
67.6	71.2	69.7	2.1	(1.5)
(3.6)	(1.5)	(3.2)	0.4	(1.7)
-5.3%	-2.1%	-4.6%		

Industrial Machinery Products

	FY2013 (A)	FY2014	
		Actual (B)	Year-on-year change (B) – (A)
Orders received	57.1	59.0	1.9
Sales	56.7	59.0	2.3
Operating income	6.3	6.0	(0.3)
(Operating margin)	11.1%	10.2%	

FY2013 (C)	FY2014			
	Initial forecast (D)	Forecast (E)	Year-on-year change (E) – (C)	Change from initial forecast (E) – (D)
126.6	133.9	139.0	12.4	5.1
118.3	126.7	127.6	9.3	0.9
12.1	12.1	11.2	(0.9)	(0.9)
10.2%	9.6%	8.8%		

(4) Steel and Energy Products : Sales, Operating Income, and Orders Received by Product

Sales and Operating Income

Orders Received

(Unit : billion yen)

	FY2014 Interim	FY2013 Full year (A)	FY2014 Full year			
			Initial forecast (B)	Forecast (C)	Year-on-year change (C) - (A)	Change from initial forecast (B) - (C)
Thermal and nuclear power plant products	12.5	22.6	29.0	28.5	5.9	(0.5)
Reactors for oil refineries	2.3	4.1	6.0	4.5	0.4	(1.5)
Clad steel plates and pipes	9.2	26.7	18.5	16.0	(10.7)	(2.5)
Wind turbine systems	3.6	1.7	5.5	6.0	4.3	0.5
Others	4.4	7.2	3.9	7.4	0.2	3.5
Consolidated subsidiaries, etc.	2.1	5.3	8.3	7.3	2.0	(1.0)
Total sales	34.1	67.6	71.2	69.7	2.1	(1.5)
Operating income	(2.1)	(3.6)	(1.5)	(3.2)	0.4	(1.7)

	FY2014 Interim	FY2013 Full year (D)	FY2014 Full year			
			Initial forecast (E)	Forecast (F)	Year-on-year change (F) - (D)	Change from initial forecast (F) - (E)
	10.0	22.6	25.0	21.0	(1.6)	(4.0)
	1.7	4.6	7.5	4.5	(0.1)	(3.0)
	24.4	19.4	21.5	32.5	13.1	11.0
	0.4	0.3	3.0	2.0	1.7	(1.0)
	3.0	4.9	3.6	6.0	1.1	2.4
	2.3	5.3	8.4	8.0	2.7	(0.4)
	41.8	57.1	69.0	74.0	16.9	5.0

(5) Industrial Machinery Products : Sales, Operating Income, and Orders Received by Product

Sales and Operating Income

Orders Received

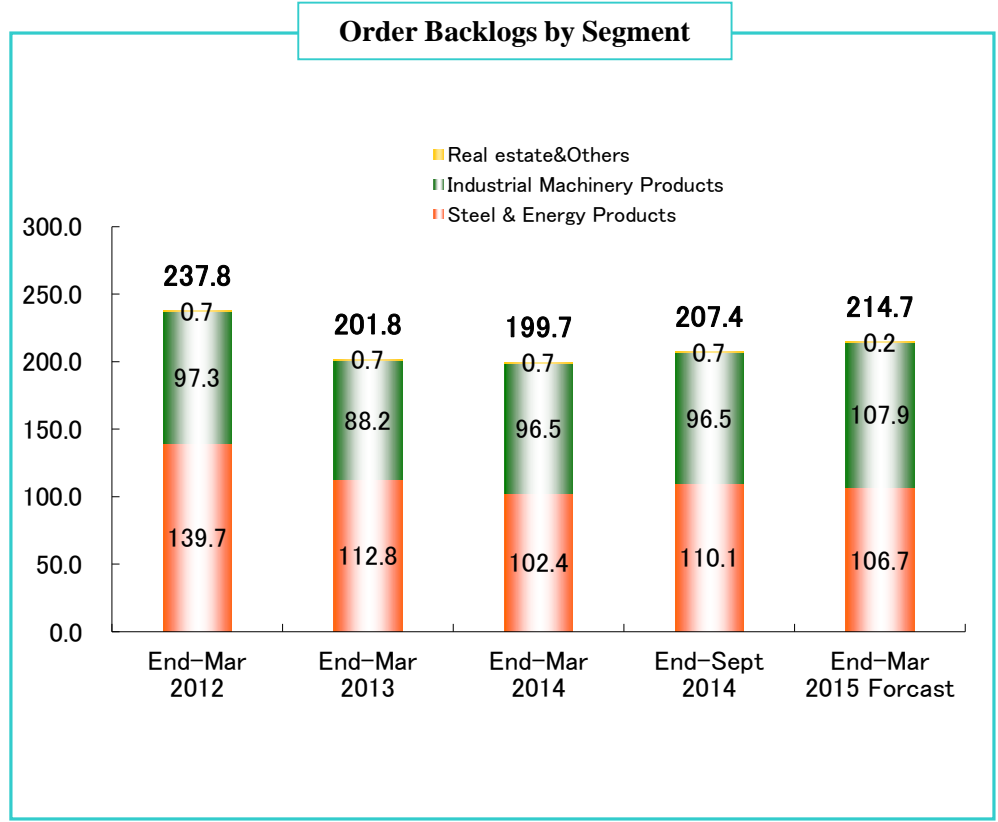
(Unit: billion yen)

	FY2014 Interim	FY2013 Full year (A)	FY2014 Full year			
			Initial forecast (B)	Forecast (C)	Year-on-year change (C) - (A)	Change from initial forecast (B) - (C)
Plastics manufacturing & processing machinery(consolidated)	14.8	28.3	36.0	36.0	7.7	0.0
Molding machinery(consolidated)	25.7	47.0	51.0	53.0	6.0	2.0
Others	11.7	31.8	30.0	28.0	(3.8)	(2.0)
Consolidated subsidiaries, etc.	7.0	11.2	9.7	10.6	(0.6)	0.9
Total sales	59.0	118.3	126.7	127.6	9.3	0.9
Operating income	6.0	12.1	12.1	11.2	(0.9)	(0.9)

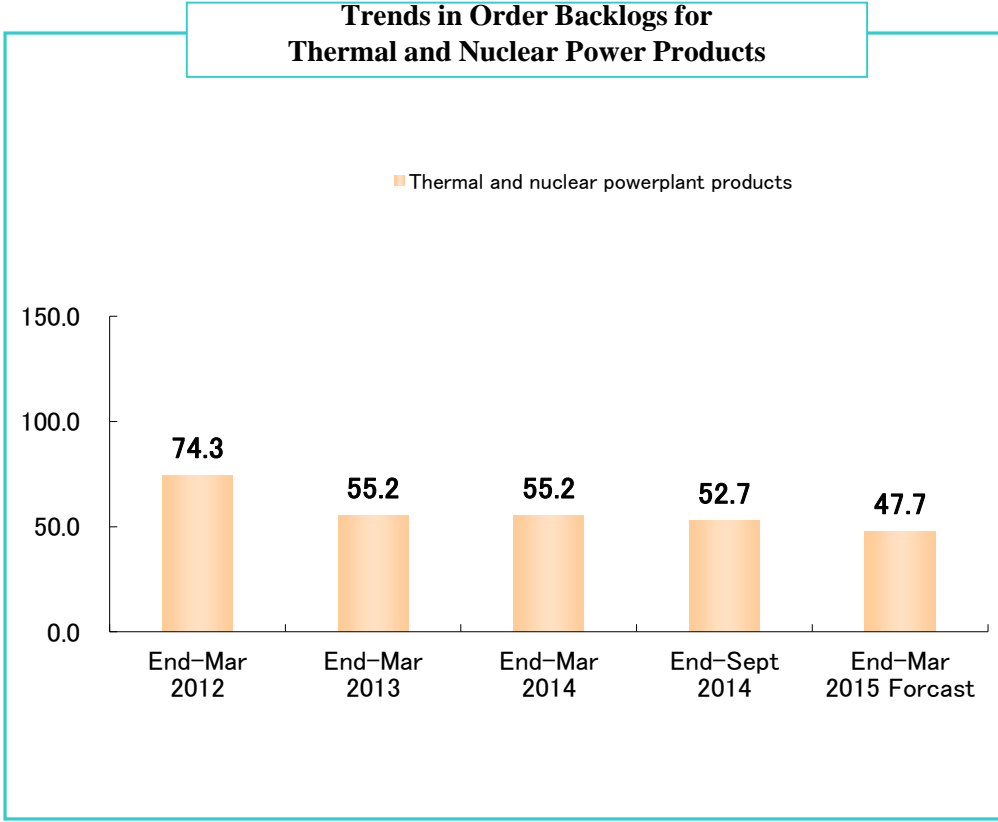
	FY2014 Interim	FY2013 Full year (D)	FY2014 Full year			
			Initial forecast (E)	Forecast (F)	Year-on-year change (F) - (D)	Change from initial forecast (F) - (E)
	15.3	32.4	39.5	38.5	6.1	(1.0)
	28.2	45.7	53.0	55.5	9.8	2.5
	6.6	41.4	31.7	31.5	(9.9)	(0.2)
	8.9	7.1	9.7	13.5	6.4	3.8
Total	59.0	126.6	133.9	139.0	12.4	5.1

(6) Order Backlogs

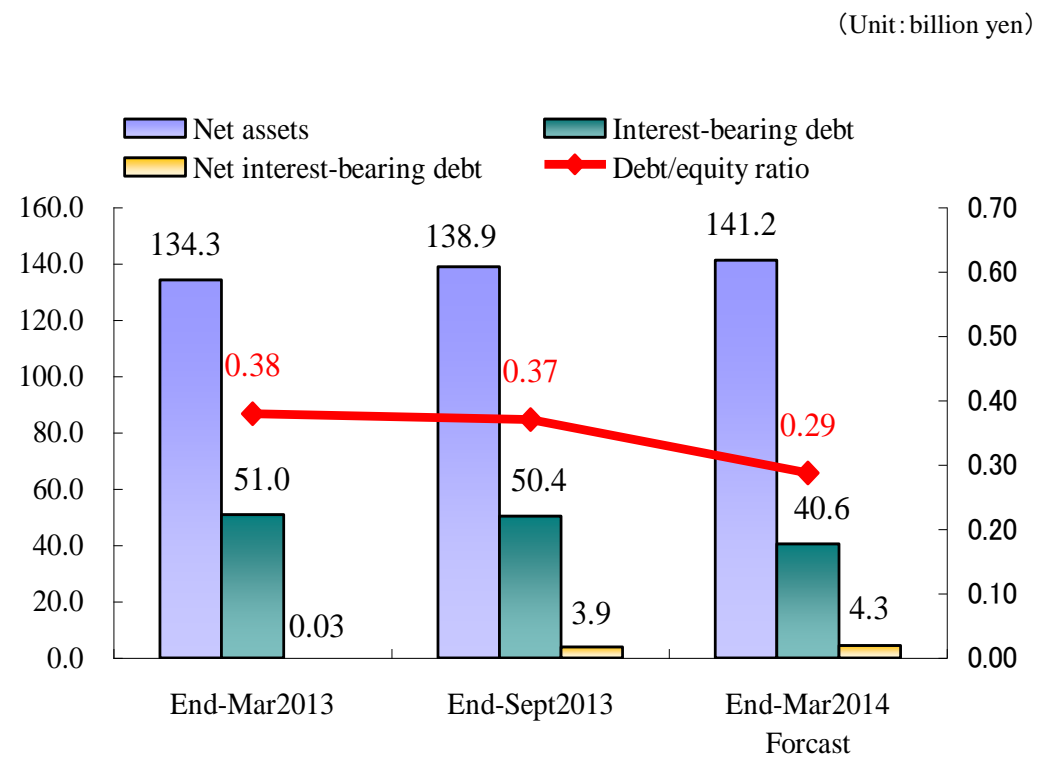
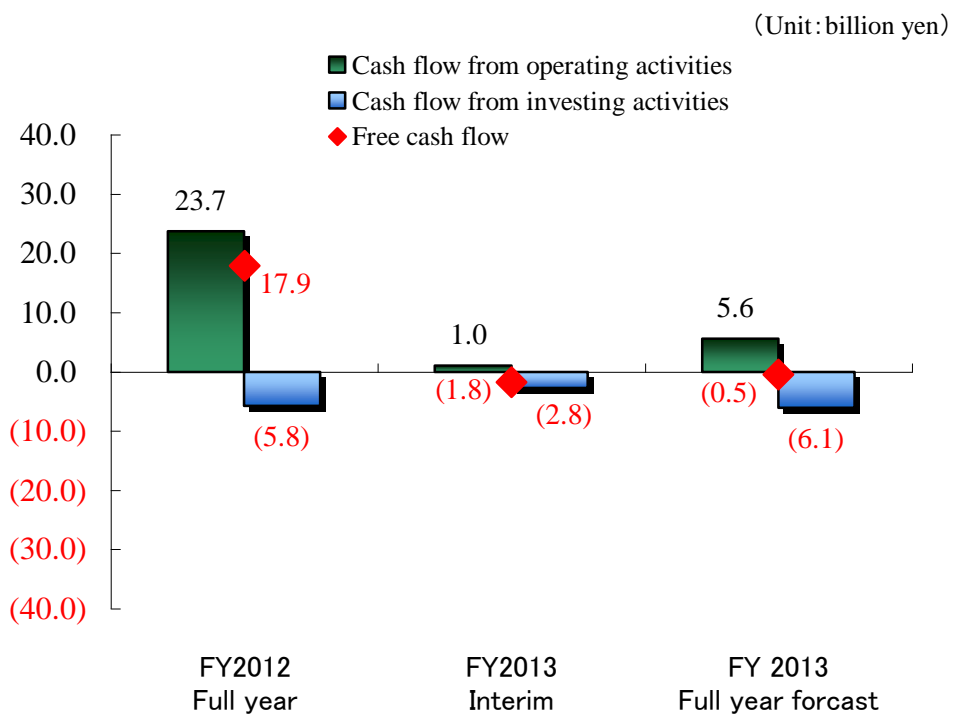
(Unit: billion yen)



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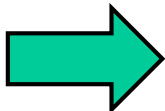
(7) Financial Performance



Section 2: Outline of Forthcoming JGP2017 Medium-Term Business Plan

(1) Company Vision and Numerical Targets

[Advancing toward Top Global & Niche Corporate Group]
Aiming to achieve top share at key points in customer value chains



Renewed challenge to achieve sales of 250 billion yen by 2020

JSW Group (Consolidated) Goals:	FY2014 (Estimate)	⇒	[JGP2017] FY2017 (Plan)	⇒	FY2020 (Goal)
◇ Net sales:	200 billion yen		More than 220 billion yen		More than 250 billion yen
◇ Operating income:	7.5 billion yen (3.8%)		More than 13 billion yen (6%)		More than 20 billion yen (8%)
◇ ROA:	(- %)		Above 3%		Above 4%
◇ ROE:	(- %)		Above 5%		Above 8%*

*JSW aims to achieve ROE>8% as soon as possible after completion of JGP2017 by reinforcing profitability and improving asset efficiency.

Basic Policies

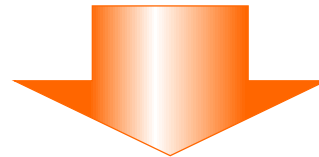
Policy 1. Increase profitability of existing businesses

- ◆ Pursue product & service differentiation
- ◆ Strengthen total-cost competitiveness
- ◆ Develop service & solution businesses
- ◆ Reinforce initiatives in growth markets

Policy 2. Foster new products & businesses, and make them successful parts of JSW as soon as possible

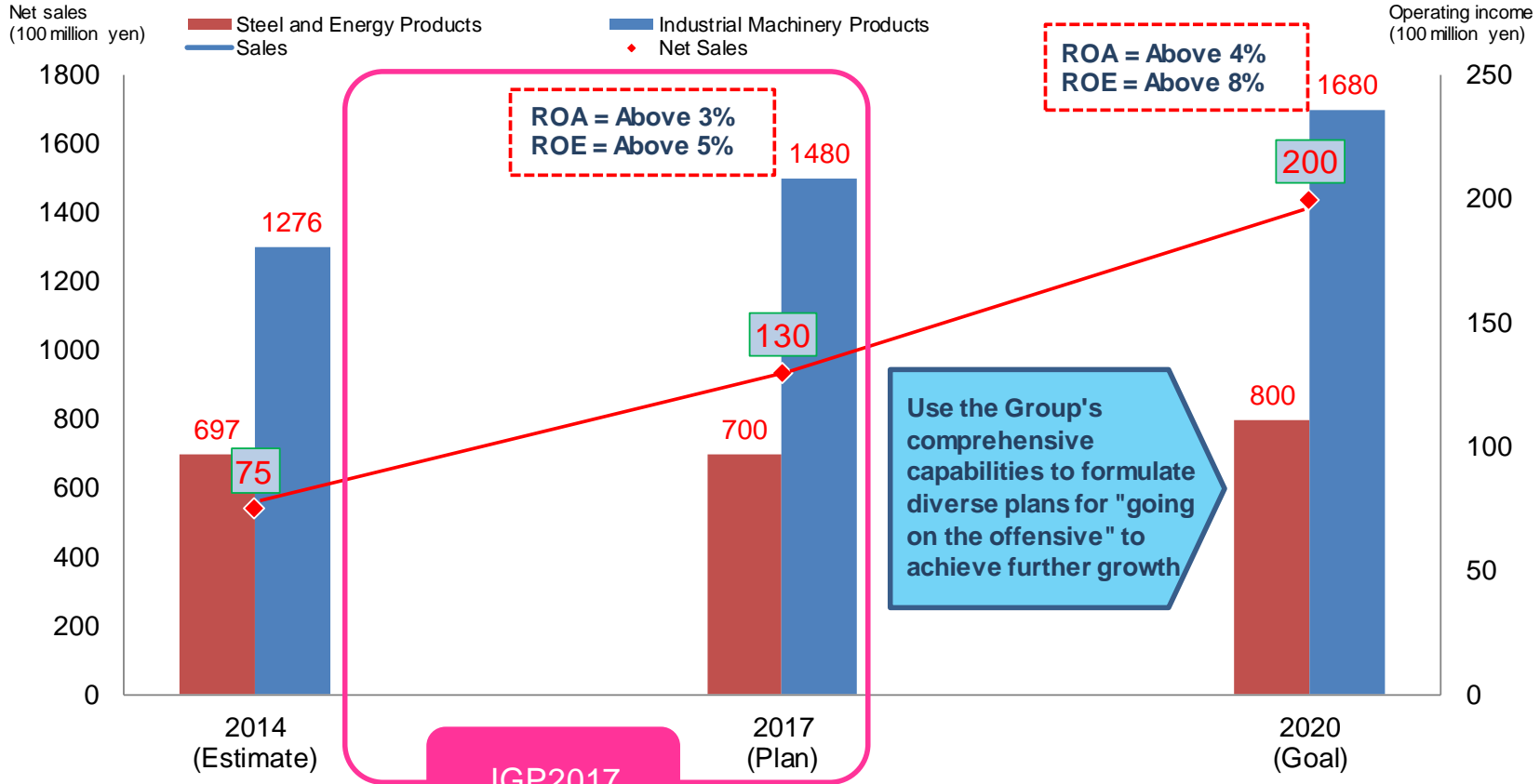
- ◆ Promote new businesses based on existing management resources
- ◆ Optimize timeframe and system for promoting new products & businesses

Policy 3. Reinforce group management and promote alliances



Strict management control based on Action Plan

(3) Advancing toward Global and Niche Corporate Group



Use the Group's comprehensive capabilities to formulate diverse plans for "going on the offensive" to achieve further growth

JGP2017



JSW 日本製鋼所

【Reference】 Trends in Sales of Principal Products

(Unit: billion yen)

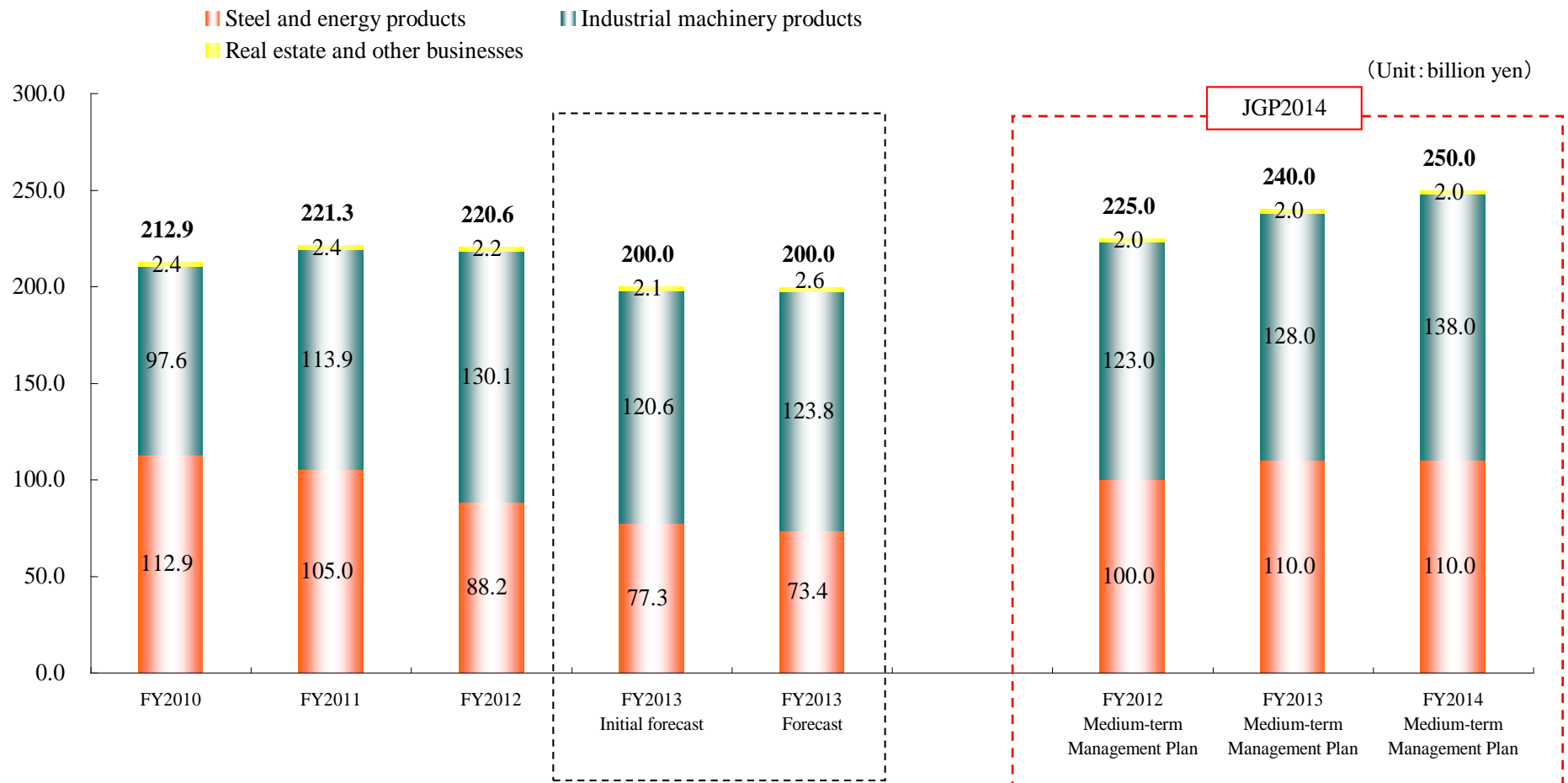
		FY2009	FY2010	FY2011	FY2012	FY2013 forecast	FY2012 Mid-term Plan	FY2013 Mid-term Plan	FY2014 Mid-term Plan
Thermal and nuclear powerplant products		45.8	43.3	49.0	37.4	26.1	40.5	46.0	47.0
Reactors for oil refineries		25.0	28.4	5.5	4.3	4.3	6.0	8.0	8.0
Clad steel plates and pipes		18.2	14.7	31.7	29.3	27.3	31.0	25.0	25.0
Wind turbine systems		18.8	9.0	3.9	1.1	1.9	1.5	16.0	16.5
Others		7.0	10.2	8.9	12.3	7.7	15.0	9.0	7.5
Consolidated subsidiaries, etc.		7.1	7.3	6.0	3.8	6.1	6.0	6.0	6.0
Total for steel and energy products		121.9	112.9	105.0	88.2	73.4	100.0	110.0	110.0
Plastics manufacturing & processing machinery	Consolidated	22.2	26.5	33.8	37.0	31.5	37.7	41.6	47.5
	Non-consolidated	20.2	24.7	31.3	34.7	31.5	35.1	38.8	44.5
Molding machinery	Consolidated	16.7	32.0	34.7	40.9	50.0	36.5	39.9	43.5
	Non-consolidated	13.3	24.3	24.9	26.1	32.3	26.0	28.5	31.0
Others		25.5	23.2	32.5	37.7	31.2	36.4	29.7	31.0
Consolidated subsidiaries, etc.		12.9	15.9	12.7	14.5	11.1	12.4	16.8	16.0
Total for industrial machinery products		77.3	97.6	113.9	130.1	123.8	123.0	128.0	138.0
Total for real estate and others		2.4	2.4	2.4	2.2	2.6	2.0	2.0	2.0
Total sales		201.6	212.9	221.3	220.6	200.0	225.0	240.0	250.0

【Reference】 Trends in Orders Received for Principal Products

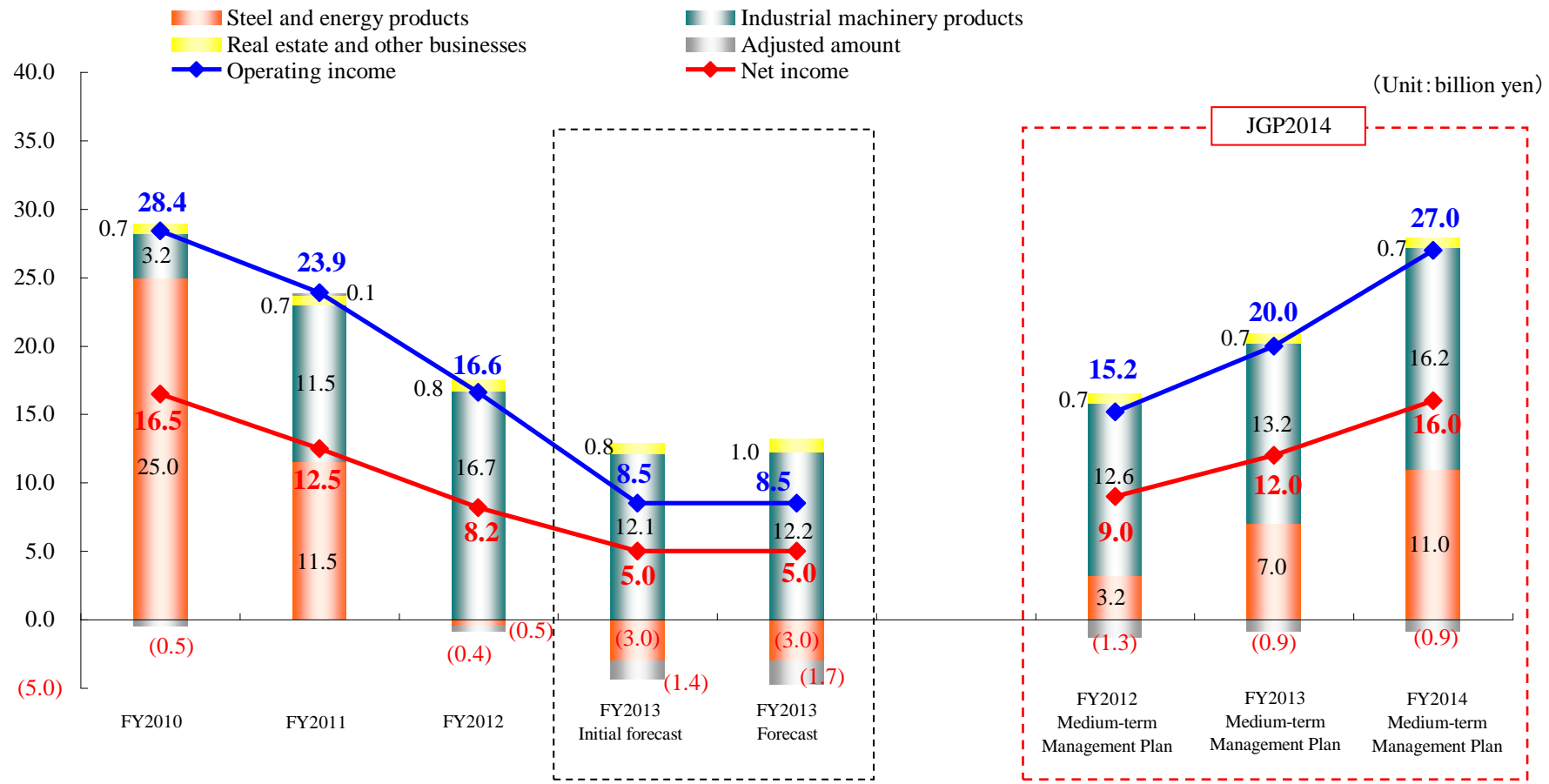
(Unit: billion yen)

		FY2009	FY2010	FY2011	FY2012	FY2013 forecast	FY2012 Mid-term Plan	FY2013 Mid-term Plan	FY2014 Mid-term Plan
Thermal and nuclear powerplant products		58.5	52.8	29.9	18.3	27.7	41.5	47.0	48.0
Reactors for oil refineries		2.8	3.8	4.9	3.7	5.3	9.0	8.0	8.0
Clad steel plates and pipes		20.3	37.0	22.8	20.0	20.8	22.0	25.0	25.0
Wind turbine systems		27.2	(10.9)	1.9	8.0	3.1	19.0	19.0	19.0
Others		6.0	10.5	11.1	7.5	7.9	9.5	9.0	8.0
Consolidated subsidiaries, etc.		8.5	5.6	7.3	3.8	6.2	6.0	6.0	6.0
Total for steel and energy products		123.3	98.8	78.0	61.3	71.0	107.0	114.0	114.0
Plastics manufacturing & processing machinery	Consolidated	28.3	33.6	37.3	28.2	38.7	41.8	45.0	47.2
	Non-consolidated	26.7	31.0	35.0	25.8	38.7	39.0	42.0	44.0
Molding machinery	Consolidated	18.6	35.1	36.2	46.7	50.0	38.5	41.0	44.9
	Non-consolidated	15.5	27.3	26.8	29.5	30.5	27.0	28.5	31.2
Others		27.5	33.1	28.7	31.6	36.9	29.5	37.5	37.3
Consolidated subsidiaries, etc.		9.7	13.8	16.6	14.5	10.8	11.2	15.5	14.6
Total for industrial machinery products		84.1	115.6	118.8	121.0	136.4	121.0	139.0	144.0
Total for real estate and others		2.4	2.3	2.3	2.2	2.6	2.0	2.0	2.0
Total sales		209.8	216.8	199.3	184.6	210.0	230.0	255.0	260.0

Trend in sales from FY2010 to FY2013



Trends in Operating Income and Net Income from FY2010 to FY2013



Trends in Orders Received from FY2010 to FY2013

