

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 11, 2019

Company name: The Japan Steel Works, Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5631 URL <https://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, 2019
 Scheduled date to commence dividend payments: December 11, 2019
 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, 2019 (from April 1, 2019 to September 30, 2019)

(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, 2019	106,282	(3.1)	11,176	(9.7)	12,157	(11.2)	5,205	(56.4)
Six months ended September 30, 2018	109,681	5.0	12,371	22.6	13,685	32.2	11,943	57.3

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2019	70.82	—
Six months ended September 30, 2018	162.52	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	301,564	135,305	44.3
As of March 31, 2019	305,471	129,827	42.0

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, 2019	—	25.00	—	30.00	55.00
Year ending March 31, 2020	—	27.50	—	—	—
Year ending March 31, 2020 (Forecast)	—	—	—	27.50	55.00

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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	225,000	2.2	19,000	(21.8)	20,000	(28.4)	11,000	(44.9)	149.65

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2019
(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, 2019	74,332,356 shares	As of March 31, 2019	74,309,108 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	803,120 shares	As of March 31, 2019	803,082 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, 2019	73,506,004 shares	Six months ended September 30, 2018	73,490,014 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	74,304	75,755
Notes and accounts receivable - trade	64,921	51,802
Merchandise and finished goods	2,767	3,296
Work in process	61,004	68,298
Raw materials and supplies	5,675	5,867
Other	6,544	7,974
Allowance for doubtful accounts	(137)	(118)
Total current assets	215,080	212,875
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,212	16,531
Machinery, equipment and vehicles, net	7,273	7,081
Other, net	12,027	12,625
Total property, plant and equipment	34,514	36,238
Intangible assets		
Goodwill	268	153
Other	1,957	1,954
Total intangible assets	2,226	2,108
Investments and other assets		
Investment securities	29,078	28,133
Other	24,969	22,605
Allowance for doubtful accounts	(397)	(397)
Total investments and other assets	53,650	50,341
Total non-current assets	90,391	88,689
Total assets	305,471	301,564
Liabilities		
Current liabilities		
Notes and accounts payable - trade	55,579	49,576
Short-term borrowings	12,088	12,107
Current portion of long-term borrowings	199	5,192
Income taxes payable	3,326	1,227
Advances received	16,619	17,372
Provision for loss on business of wind power	1,887	1,605
Provision for business restructure	5,295	6,081
Other provisions	836	527
Other	16,637	12,357
Total current liabilities	112,469	106,048
Non-current liabilities		
Long-term borrowings	39,208	35,589
Provisions	73	78
Retirement benefit liability	10,494	10,717
Asset retirement obligations	1,308	1,317
Other	12,089	12,507
Total non-current liabilities	63,174	60,210
Total liabilities	175,643	166,259

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Net assets		
Shareholders' equity		
Share capital	19,716	19,737
Capital surplus	5,362	5,383
Retained earnings	102,915	106,370
Treasury shares	(2,312)	(2,312)
Total shareholders' equity	125,682	129,179
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,290	5,087
Deferred gains or losses on hedges	(226)	(47)
Foreign currency translation adjustment	(222)	(440)
Remeasurements of defined benefit plans	(115)	(173)
Total accumulated other comprehensive income	2,725	4,426
Non-controlling interests	1,419	1,699
Total net assets	129,827	135,305
Total liabilities and net assets	305,471	301,564

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, 2018	Six months ended September 30, 2019
Net sales	109,681	106,282
Cost of sales	82,902	79,781
Gross profit	26,779	26,500
Selling, general and administrative expenses	14,407	15,324
Operating profit	12,371	11,176
Non-operating income		
Interest income	23	28
Dividend income	461	472
Share of profit of entities accounted for using equity method	85	–
Gain on non-current assets rent	392	426
Miscellaneous income	668	564
Total non-operating income	1,630	1,491
Non-operating expenses		
Interest expenses	122	125
Share of loss of entities accounted for using equity method	–	1
Miscellaneous loss	194	383
Total non-operating expenses	317	510
Ordinary profit	13,685	12,157
Extraordinary income		
Gain on sales of non-current assets	3,785	1,244
Other	237	361
Total extraordinary income	4,022	1,606
Extraordinary losses		
Loss on sales of non-current assets	0	5
Loss on retirement of non-current assets	57	123
Loss on valuation of investment securities	–	3,347
Provision for business restructuring	–	2,244
Other	251	95
Total extraordinary losses	309	5,817
Profit before income taxes	17,398	7,946
Income taxes - current	4,261	1,343
Income taxes - deferred	1,071	1,266
Total income taxes	5,333	2,610
Profit	12,065	5,336
Profit attributable to non-controlling interests	121	130
Profit attributable to owners of parent	11,943	5,205

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	12,065	5,336
Other comprehensive income		
Valuation difference on available-for-sale securities	210	1,797
Deferred gains or losses on hedges	(606)	178
Foreign currency translation adjustment	(271)	(218)
Remeasurements of defined benefit plans, net of tax	94	(53)
Total other comprehensive income	(572)	1,703
Comprehensive income	11,492	7,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,405	6,906
Comprehensive income attributable to non-controlling interests	87	133