

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 13, 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 Miyuchi
 General Manager, General Affairs
 Inquiries: Department Atsuya Hodota TEL 03-5745-2001
 Scheduled date of ordinary general meeting of shareholders: June 21, 2019
 Scheduled date to file Securities Report: June 25, 2019
 Scheduled date to commence dividend payments: June 24, 2019
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	220,153	4.0	24,290	18.0	27,925	26.3	19,966	86.4
Year ended March 31, 2018	211,700	0.3	20,578	79.3	22,117	82.6	10,712	-

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	271.69	-	16.3	9.3	11.0
Year ended March 31, 2018	145.77	-	9.6	7.7	9.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	305,471	129,827	42.0	1,746.91
As of March 31, 2018	297,365	118,600	39.4	1,592.47

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	1,092	(1,334)	(3,758)	73,820
Year ended March 31, 2018	26,712	(5,077)	(2,457)	77,879

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	-	17.50	-	20.00	37.50	2,755	25.7	2.5
Year ended March 31, 2019	-	25.00	-	30.00	55.00	4,042	20.2	3.3
Year ending March 31, 2020 (Forecast)	-	27.50	-	27.50	55.00		28.9	

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
Six months ending September 30, 2019	112,500	2.6	9,500	(23.2)	10,500	(23.3)	7,500	(37.2)	102.05
Full year	225,000	2.2	19,000	(21.8)	20,000	(28.4)	14,000	(29.9)	190.50

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	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 March 31, 2019	803,082 shares	As of March 31, 2018	802,503 shares
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Average number of shares during the period

Year ended March 31, 2019	73,489,812 shares	Year ended March 31, 2018	73,492,317 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	79,032	74,304
Notes and accounts receivable - trade	54,542	64,921
Merchandise and finished goods	2,027	2,767
Work in process	54,663	61,004
Raw materials and supplies	5,191	5,675
Other	5,710	6,544
Allowance for doubtful accounts	(142)	(137)
Total current assets	201,024	215,080
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,400	15,212
Machinery, equipment and vehicles, net	5,689	7,273
Tools, furniture and fixtures, net	1,028	1,302
Land	10,335	8,250
Leased assets, net	576	710
Construction in progress	288	1,764
Total property, plant and equipment	33,317	34,514
Intangible assets		
Goodwill	509	268
Leased assets	155	245
Other	1,109	1,712
Total intangible assets	1,774	2,226
Investments and other assets		
Investment securities	34,670	29,078
Long-term loans receivable	293	333
Claims provable in bankruptcy, claims provable in rehabilitation and other	253	254
Retirement benefit asset	2,736	2,374
Deferred tax assets	20,216	18,566
Other	3,480	3,439
Allowance for doubtful accounts	(402)	(397)
Total investments and other assets	61,249	53,650
Total non-current assets	96,341	90,391
Total assets	297,365	305,471

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	54,957	55,579
Short-term loans payable	12,004	12,088
Current portion of long-term loans payable	132	199
Lease obligations	493	496
Income taxes payable	2,296	3,326
Advances received	18,863	16,619
Provision for bonuses for directors (and other officers)	93	93
Provision for warranties for completed construction	1,729	441
Provision for loss on construction contracts	784	301
Provision for loss on wind power generator business	3,365	1,887
Provision for business restructuring	6,389	5,295
Other	14,308	16,140
Total current liabilities	115,418	112,469
Non-current liabilities		
Long-term loans payable	39,268	39,208
Lease obligations	748	796
Deferred tax liabilities	100	90
Provision for retirement benefits for directors (and other officers)	75	73
Retirement benefit liability	10,046	10,494
Long-term guarantee deposited	11,504	10,721
Asset retirement obligations	1,364	1,308
Other	237	481
Total non-current liabilities	63,346	63,174
Total liabilities	178,765	175,643
Net assets		
Shareholders' equity		
Capital stock	19,694	19,716
Capital surplus	5,467	5,362
Retained earnings	86,256	102,915
Treasury shares	(2,310)	(2,312)
Total shareholders' equity	109,107	125,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,269	3,290
Deferred gains or losses on hedges	305	(226)
Foreign currency translation adjustment	(21)	(222)
Remeasurements of defined benefit plans	370	(115)
Total accumulated other comprehensive income	7,923	2,725
Non-controlling interests	1,569	1,419
Total net assets	118,600	129,827
Total liabilities and net assets	297,365	305,471

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	211,700	220,153
Cost of sales	162,995	166,622
Gross profit	48,705	53,531
Selling, general and administrative expenses		
Direct selling expenses	7,807	8,453
Indirect selling, general and administrative expenses	20,318	20,787
Total selling, general and administrative expenses	28,126	29,240
Operating profit	20,578	24,290
Non-operating income		
Interest income	66	52
Dividend income	761	851
Cancellation fee received	33	1,186
Rent income on non-current assets	851	786
Share of profit of entities accounted for using equity method	–	89
Miscellaneous income	1,418	1,234
Total non-operating income	3,130	4,201
Non-operating expenses		
Interest expenses	258	246
Miscellaneous loss	1,333	319
Total non-operating expenses	1,592	565
Ordinary profit	22,117	27,925
Extraordinary income		
Gain on sales of non-current assets	30	3,933
Gain on sales of investment securities	791	263
Other	1	113
Total extraordinary income	824	4,309
Extraordinary losses		
Loss on sales of non-current assets	29	32
Loss on retirement of non-current assets	273	228
Impairment loss	1,352	1,623
Provision for business restructuring provision	6,389	711
Other	5	322
Total extraordinary losses	8,049	2,918
Profit before income taxes	14,892	29,317
Income taxes - current	3,633	5,335
Income taxes - deferred	307	3,791
Total income taxes	3,940	9,127
Profit	10,951	20,190
Profit attributable to non-controlling interests	238	223
Profit attributable to owners of parent	10,712	19,966

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	10,951	20,190
Other comprehensive income		
Valuation difference on available-for-sale securities	887	(3,978)
Deferred gains or losses on hedges	606	(532)
Foreign currency translation adjustment	203	(232)
Remeasurements of defined benefit plans, net of tax	597	(478)
Total other comprehensive income	2,295	(5,221)
Comprehensive income	13,246	14,968
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,937	14,768
Comprehensive income attributable to non-controlling interests	308	200

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,694	5,467	77,748	(2,308)	100,601
Changes of items during period					
Dividends of surplus			(2,204)		(2,204)
Profit attributable to owners of parent			10,712		10,712
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		(0)		0	0
Transfer of loss on disposal of treasury shares		0	(0)		-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	8,508	(2)	8,505
Balance at end of current period	19,694	5,467	86,256	(2,310)	109,107

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	6,381	(301)	(170)	(211)	5,698	1,287	107,587
Changes of items during period							
Dividends of surplus							(2,204)
Profit attributable to owners of parent							10,712
Purchase of treasury shares							(2)
Disposal of treasury shares							0
Transfer of loss on disposal of treasury shares							-
Net changes of items other than shareholders' equity	887	606	149	581	2,225	282	2,507
Total changes of items during period	887	606	149	581	2,225	282	11,013
Balance at end of current period	7,269	305	(21)	370	7,923	1,569	118,600

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	19,694	5,467	86,256	(2,310)	109,107
Changes of items during period					
Issuance of new shares	22	22			44
Dividends of surplus			(3,307)		(3,307)
Profit attributable to owners of parent			19,966		19,966
Purchase of shares of consolidated subsidiaries		(127)			(127)
Purchase of treasury shares				(1)	(1)
Net changes of items other than shareholders' equity					
Total changes of items during period	22	(104)	16,659	(1)	16,575
Balance at end of current period	19,716	5,362	102,915	(2,312)	125,682

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	7,269	305	(21)	370	7,923	1,569	118,600
Changes of items during period							
Issuance of new shares							44
Dividends of surplus							(3,307)
Profit attributable to owners of parent							19,966
Purchase of shares of consolidated subsidiaries							(127)
Purchase of treasury shares							(1)
Net changes of items other than shareholders' equity	(3,978)	(532)	(200)	(486)	(5,197)	(150)	(5,348)
Total changes of items during period	(3,978)	(532)	(200)	(486)	(5,197)	(150)	11,227
Balance at end of current period	3,290	(226)	(222)	(115)	2,725	1,419	129,827

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	14,892	29,317
Depreciation	4,097	4,424
Amortization of goodwill	211	215
Impairment loss	1,352	1,623
Interest and dividend income	(827)	(903)
Interest expenses	258	246
Share of loss (profit) of entities accounted for using equity method	0	(89)
Loss (gain) on valuation of short-term and long-term investment securities	2	51
Loss (gain) on sales of investment securities	(789)	(263)
Loss on retirement of property, plant and equipment and intangible assets	273	228
Loss (gain) on sales of property, plant and equipment	(1)	(3,900)
Decrease (increase) in operating receivables	(2,848)	(13,217)
Increase (decrease) in operating debt	6,101	(1,155)
Decrease (increase) in inventories	3,994	(7,618)
Increase (decrease) in provision for warranties for completed construction	(1,027)	(1,409)
Increase (decrease) in provision for loss on construction contracts	(2,184)	(553)
Increase (decrease) in provision for loss on wind power generator business	(1,289)	(1,478)
Increase (decrease) in business restructuring reserve	6,389	(1,093)
Other, net	(252)	376
Subtotal	28,351	4,797
Interest and dividend income received	827	893
Interest expenses paid	(257)	(265)
Income taxes (paid) refund	(2,207)	(4,334)
Net cash provided by (used in) operating activities	26,712	1,092
Cash flows from investing activities		
Payments into time deposits	(607)	(56)
Proceeds from withdrawal of time deposits	657	544
Purchase of property, plant and equipment and intangible assets	(6,549)	(7,347)
Proceeds from sales of property, plant and equipment and intangible assets	76	6,057
Purchase of investment securities	(12)	(43)
Proceeds from sales of investment securities	1,869	272
Repayments of long-term guarantee deposits	(89)	(177)
Payments of long-term loans receivable	(300)	(50)
Collection of long-term loans receivable	50	10
Purchase of shares of subsidiaries and associates	(147)	(497)
Payments for asset retirement obligations	(15)	(71)
Other, net	(8)	25
Net cash provided by (used in) investing activities	(5,077)	(1,334)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	96	83
Proceeds from long-term loans payable	4,500	250
Repayments of long-term loans payable	(4,215)	(242)
Cash dividends paid	(2,204)	(3,307)
Purchase of treasury shares	(2)	(1)
Repayments of finance lease obligations	(621)	(550)
Other, net	(9)	9
Net cash provided by (used in) financing activities	(2,457)	(3,758)
Effect of exchange rate change on cash and cash equivalents	30	(58)
Net increase (decrease) in cash and cash equivalents	19,208	(4,059)
Cash and cash equivalents at beginning of period	58,671	77,879
Cash and cash equivalents at end of period	77,879	73,820