

FY 2019 / JGP2020

Business Results for the Fiscal Year 2019
(Ended March 31, 2020)

June 1, 2020

The Japan Steel Works, Ltd.

JSW

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, values of “previous forecast” means those released on November 15, 2019.

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RESULTS FOR THE FISCAL YEAR 2019 (ENDED MARCH 31, 2020)

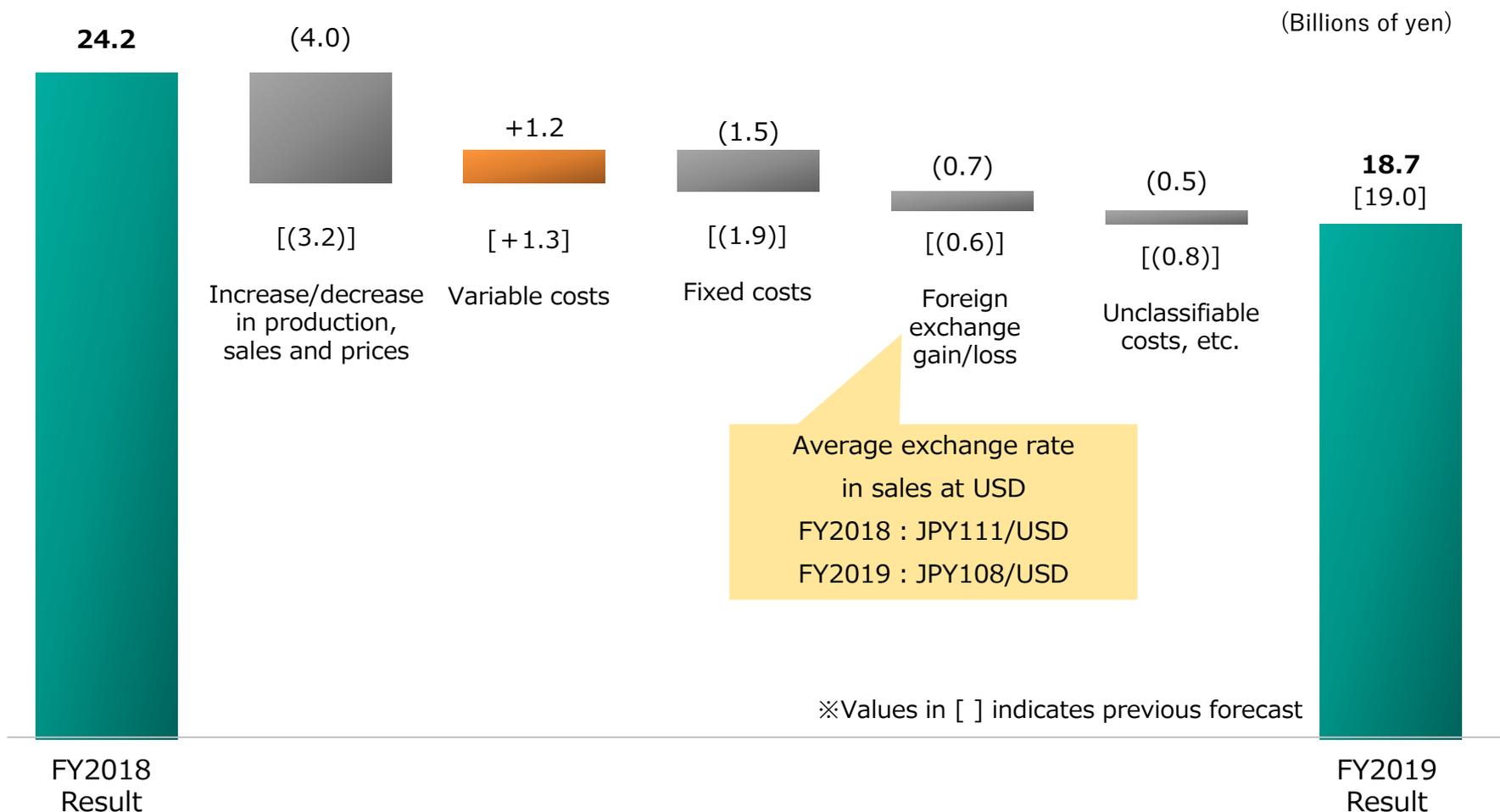


Orders received, net sales and income decreased year on year.

(Billions of yen)

	FY2018	FY2019		Compared to the previous year (C)-(A)	Compared to the previous forecast (C)-(B)
	Result (A)	Previous forecast (B)	Result (C)		
Orders received	216.1	230.0	211.5	(4.6)	(18.5)
Net sales	220.1	225.0	217.5	(2.6)	(7.5)
Operating income (ratio)	24.2 11.0%	19.0 8.4%	18.7 8.6%	(5.5) (2.4%)	(0.3) 0.2%
Ordinary income	27.9	20.0	19.9	(8.0)	(0.1)
Profit/Loss	19.9	11.0	9.3	(10.6)	(1.7)
Profit/Loss per share (yen)	271.69	149.65	126.66	(145.03)	(22.99)
Dividends per share (yen)	55.0	55.0	45.0	(10.0)	(10.0)

Operating income decreased due to decrease in production, sales and prices and fixed costs.



Orders received increased in steel and energy products and decreased significantly in industrial machinery products year on year.

Industrial Machinery Products Business

(Billions of yen)

	FY2018 Result (A)	FY2019		Compared to the previous year (C)-(A)	Compared to the previous forecast (C)-(B)
		Previous forecast (B)	Result (C)		
Orders received	175.7	180.0	162.6	(13.1)	(17.4)
Net sales	173.6	175.0	171.4	(2.2)	(3.6)
Operating income (ratio)	23.5 13.5%	20.0 11.4%	19.2 11.2%	(4.3) (2.3%)	(0.8) (0.2%)

Steel and Energy Products Business

	FY2018 Result (D)	FY2019		Compared to the previous year (F)-(D)	Compared to the previous forecast (F)-(E)
		Previous forecast (E)	Result (F)		
Orders received	34.1	45.0	44.9	10.8	(0.1)
Net sales	41.2	45.0	41.4	0.2	(3.6)
Operating income (ratio)	2.6 6.3%	2.0 4.4%	2.4 5.8%	(0.2) (0.5%)	0.4 1.4%

Both orders received and sales decreased significantly in molding machines year on year.

(Billions of yen)

Net Sales and Operating Income

	FY2018 Result (A)	FY2019		Compared to the previous year (C)-(A)	Compared to the previous forecast (C)-(B)
		Previous forecast (B)	Result (C)		
Plastic production and processing machinery	52.5	61.0	56.9	4.4	(4.1)
Molding machines (consolidated)	72.7	66.0	65.3	(7.4)	(0.7)
FPD equipment (consolidated)	16.4	11.0	11.4	(5.0)	0.4
Other products	20.4	22.0	22.5	2.1	0.5
Consolidated subsidiaries, etc.	11.6	15.0	15.3	3.7	0.3
Total	173.6	175.0	171.4	(2.2)	(3.6)
Operating income	23.5	20.0	19.2	(4.3)	(0.8)

Orders Received

	FY2018 Result (D)	FY2019		Compared to the previous year (F)-(D)	Compared to the previous forecast (F)-(E)
		Previous forecast (E)	Result (F)		
Plastic production and processing machinery	59.3	65.0	52.9	(6.4)	(12.1)
Molding machines (consolidated)	70.6	63.0	53.3	(17.3)	(9.7)
FPD equipment (consolidated)	6.0	12.0	8.4	2.4	(3.6)
Other products	28.1	25.0	27.9	(0.2)	2.9
Consolidated subsidiaries, etc.	11.7	15.0	20.1	8.4	5.1
Total	175.7	180.0	162.6	(13.1)	(17.4)

Orders received increased both in steel castings and forgings and clad steel plates and pipes year on year.

(Billions of yen)

Net Sales and Operating Income

	FY2018 Result (A)	FY2019		Compared to the previous year (C)-(A)	Compared to the previous forecast (C)-(B)
		Previous forecast (B)	Result (C)		
Steel castings and forgings	22.0	23.0	22.3	0.3	(0.7)
Clad steel plates and pipes	13.0	16.0	12.8	(0.2)	(3.2)
Consolidated subsidiaries, etc.	6.2	6.0	6.3	0.1	0.3
Total	41.2	45.0	41.4	0.2	(3.6)
Operating income	2.6	2.0	2.4	(0.2)	0.4

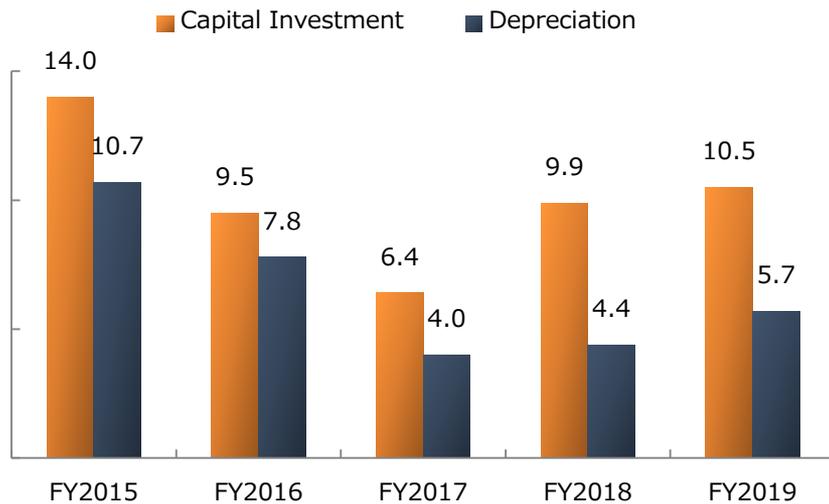
Orders Received

	FY2018 Result (D)	FY2019		Compared to the previous year (F)-(D)	Compared to the previous forecast (F)-(E)
		Previous forecast (E)	Result (F)		
Steel castings and forgings	15.1	21.0	23.7	8.6	2.7
Clad steel plates and pipes	12.6	18.0	14.9	2.3	(3.1)
Consolidated subsidiaries, etc.	6.4	6.0	6.3	(0.1)	0.3
Total	34.1	45.0	44.9	10.8	(0.1)

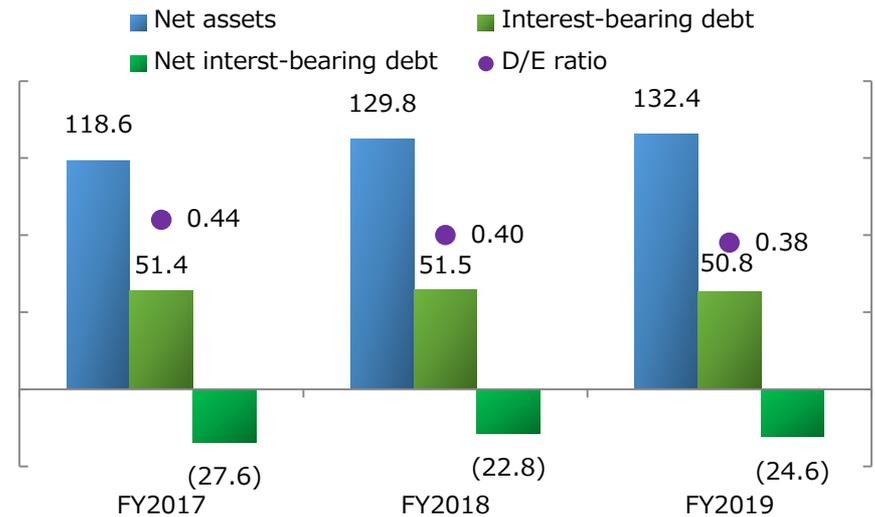
Capital Investment, Depreciation, Cash Flows, Financial Position and R&D costs

(Billions of yen)

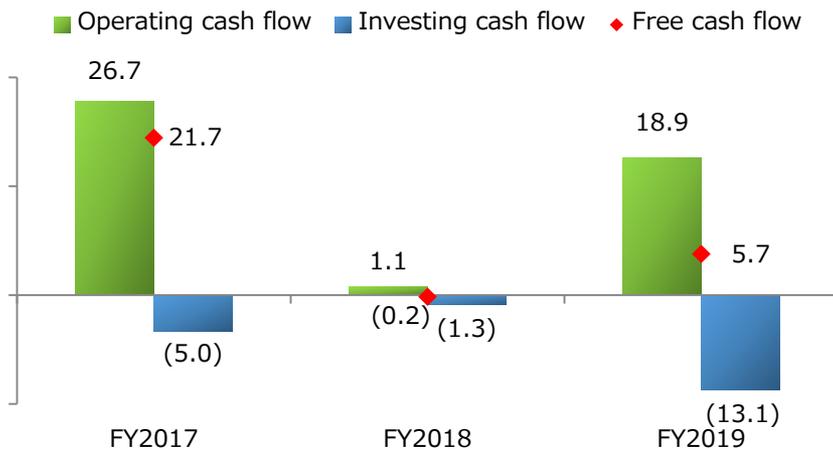
Capital investment and depreciation



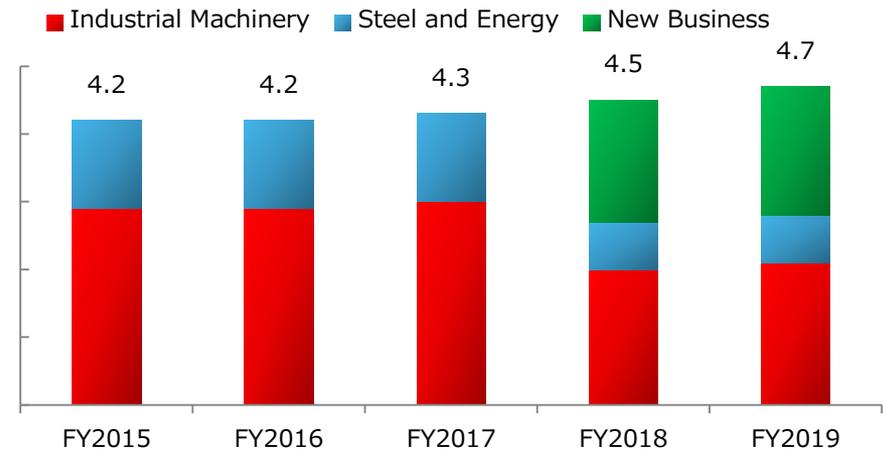
Financial position



Cash flows

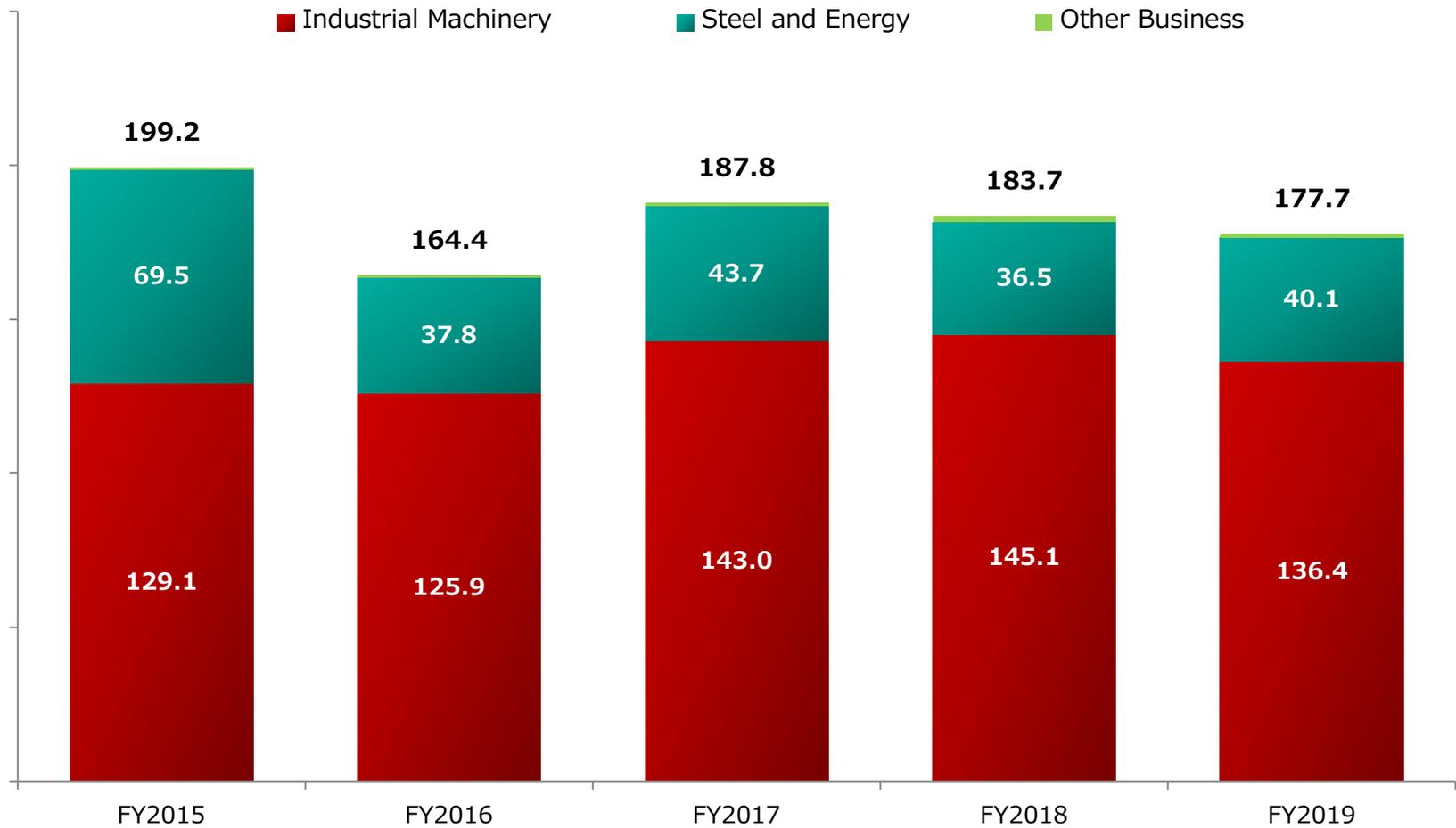


R&D costs



Trend for Order Back log by Segments

(Billions of yen)





FORECAST FOR THE FISCAL YEAR 2020 (ENDING MARCH 31, 2021)



Financial forecast for FY2020 is not disclosed since we are now under investigation on the effect of COVID-19. Disclosure will be made as soon as we get ready for reasonable forecast.



REFERENCE



Trends of Net Sales, Operating Income and Profit

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Net Sales	188.7	194.6	223.3	212.4	212.9	220.1	217.5
Industrial Machinery Products Business	118.3	126.3	144.3	159.3	170.2	173.6	171.4
Plastic production and processing machinery	28.3	32.5	36.4	36.1	50.2	52.5	56.9
Molding machines (consolidated)	47.0	53.6	56.4	57.6	64.5	72.7	65.3
FPD equipment (consolidated)	-	-	-	-	-	16.4	11.4
Other products	31.8	25.0	32.6	46.8	37.0	20.4	22.5
Consolidated subsidiaries, etc.	11.2	15.2	18.9	18.8	18.5	11.6	15.3
Steel and Energy Business	67.6	66.2	74.8	51.2	40.8	41.2	41.4
Steel castings and forgings	-	-	-	-	-	-	22.3
Electric and nuclear power	22.6	27.4	19.2	19.3	17.2	12.5	-
Pressure vessel for oil refineries	4.1	4.2	1.4	1.7	1.0	-	-
Clad steel plates and pipes	26.7	16.2	39.3	13.5	7.0	13.0	12.8
Wind turbines	1.7	5.7	1.2	3.9	1.6	-	-
Other products	7.2	7.0	6.9	5.3	5.5	9.5	-
Consolidated subsidiaries, etc.	5.3	5.7	6.8	7.5	8.5	6.2	6.3
Other Businesses	2.7	2.0	4.0	1.8	1.7	5.2	4.6
Operating Income	8.8	7.5	14.4	12.3	21.3	24.2	18.7
Industrial Machinery Products Business	12.1	11.3	12.4	15.1	23.8	23.5	19.2
Steel and Energy Products Business	(3.6)	(3.9)	0.7	(2.8)	(1.5)	2.6	2.4
Other Businesses	1.1	0.9	2.0	0.9	0.8	0.3	(0.1)
Profit	5.5	(5.3)	(16.6)	(4.9)	10.7	19.9	9.3

※ Subsegment changed in FY2019 ; “Electric and nuclear power” and “Other products” are combined into “Steel castings and forgings”

Trends of Situation in Assets and Cash Flow

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Total Assets	293.1	319.6	293.1	275.3	297.4	305.5	297.1
Industrial Machinery Products Business	99.3	108.4	124.3	123.7	128.1	150.0	149.9
Steel and Energy Products Business	111.5	111.4	60.2	37.5	40.3	39.3	39.3
Other Businesses	12.9	13.0	12.0	11.8	11.7	14.6	8.0
Net Assets	139.2	138.2	111.3	107.5	118.6	129.8	132.4
Net Assets per Share (yen)	372.83	368.81	299.41	1,446.44	1,592.47	1,746.91	1,778.94
Equity Ratio (%)	47.1	42.7	37.5	38.6	39.3	42.0	44.0
Return on Equity (%)	4.1	(3.9)	(13.5)	(4.6)	9.6	16.3	7.2
Operating Cash Flow	11.5	11.5	19.7	12.0	26.7	1.1	18.9
Investing Cash Flow	(5.7)	(2.6)	(12.1)	(13.5)	(5.0)	(1.3)	(13.1)
Financing Cash Flow	(15.0)	(2.9)	4.7	(1.2)	(2.4)	(3.7)	(6.1)
Cash and Cash Equivalents at End of the Period	42.2	49.1	61.4	58.6	77.8	73.8	74.4

Corporate Code of Behavior of The Japan Steel Works, Ltd.

(revised on April 1, 2018)

At The Japan Steel Works, Ltd., we will comply with all laws and international rules, both to the letter and in spirit, and fulfill our social responsibilities with a strong sense of ethics in Japan and overseas as a company that aims to realize a sustainable society based on the following ten principles.

1. To promote sustainable economic growth and the resolution of social issues, we will develop useful products, technologies and services that give consideration to safety through innovation and provide them to society.
2. We will conduct appropriate transactions and responsible procurement based on fair and free competition. We will also maintain sound relationships with political and government bodies.
3. To enhance our corporate value, we will make appropriate corporate information available to the public willingly and fairly and have constructive dialogues with a wide range of stakeholders.
4. We will respect the human rights of all people.
5. We will earn the trust and satisfaction of society and customers by responding promptly to inquiries from customers after reflecting the market and customer needs in our products, technologies and services.
6. We will provide a sound working environment by developing workstyles that respect the diversity, personality and individuality of employees.
7. We will take actions proactively, recognizing that addressing environmental issues is an important duty for us as a company.
8. We will participate in the community and contribute to its development as a corporate citizen.
9. We will conduct thorough and systematic crisis management against antisocial forces, terrorism, cyberattacks and natural disasters, etc. that will pose a threat to civil society and corporate activities.
10. Recognizing the realization of the spirit of this code of behavior as its own role, our management will make it fully known to the employees of the Company and its affiliates after establishing effective governance and encourage the chains to perform acts based on the spirit of this code of behavior.
If any situation that will lose the trust of society occurs in conflict with the spirit of this code of behavior, our management will take the initiative in solving the problem, investigating the cause and preventing recurrence to fulfill our responsibility.