

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2017 (Based on Japanese GAAP)

February 13, 2018

Company name: The Japan Steel Works, Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 5631 URL <http://www.jsw.co.jp/>  
 Representative: Representative Director & President Naotaka Miyauchi  
                   General Manager General Affairs Hiroki Kikuchi TEL 03-5745-2001  
 Inquiries: Department  
 Scheduled date to file Quarterly Securities Report: February 14, 2018  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: No  
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

(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	%
Nine months ended December 31, 2017	157,546	2.4	17,270	67.2	17,612	62.2	12,546	72.3
Nine months ended December 31, 2016	153,854	(1.0)	10,329	7.6	10,855	8.3	7,282	25.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2017	170.72	–
Nine months ended December 31, 2016	99.10	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2017	285,962	122,121	42.2
As of March 31, 2017	275,315	107,587	38.6

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, 2017	–	2.50	–	12.50	–
Year ending March 31, 2018	–	17.50	–		
Year ending March 31, 2018 (Forecast)				20.00	37.50

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	210,000	(1.2)	20,000	62.1	20,000	65.1	13,500	–	183.70

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2017  
(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 December 31, 2017	74,292,607 shares	As of March 31, 2017	74,292,607 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of December 31, 2017	802,367 shares	As of March 31, 2017	801,480 shares
-------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2017	73,490,835 shares	Nine months ended December 31, 2016	73,492,663 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	59,801	74,987
Notes and accounts receivable - trade	49,420	50,710
Merchandise and finished goods	2,358	2,331
Work in process	58,037	51,410
Raw materials and supplies	5,755	5,754
Other	11,332	10,253
Allowance for doubtful accounts	(140)	(187)
Total current assets	186,565	195,260
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	15,491	15,369
Machinery, equipment and vehicles, net	5,600	5,682
Other, net	11,141	12,251
Total property, plant and equipment	32,233	33,303
Intangible assets		
Goodwill	657	513
Other	997	1,099
Total intangible assets	1,655	1,613
Investments and other assets		
Investment securities	34,339	38,137
Other	20,976	18,045
Allowance for doubtful accounts	(455)	(396)
Total investments and other assets	54,860	55,785
Total non-current assets	88,749	90,702
Total assets	275,315	285,962
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	47,744	50,796
Short-term loans payable	11,908	12,656
Income taxes payable	866	732
Advances received	17,004	17,061
Provision for loss on wind power generator business	4,655	3,223
Other provision	5,763	2,749
Other	20,447	14,498
Total current liabilities	108,390	101,718
Non-current liabilities		
Long-term loans payable	34,901	37,798
Provision	115	72
Net defined benefit liability	10,620	10,872
Asset retirement obligations	1,320	1,371
Other	12,380	12,007
Total non-current liabilities	59,337	62,122
Total liabilities	167,727	163,841

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	19,694	19,694
Capital surplus	5,467	5,467
Retained earnings	77,748	88,090
Treasury shares	(2,308)	(2,310)
Total shareholders' equity	100,601	110,941
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,381	9,709
Deferred gains or losses on hedges	(301)	(23)
Foreign currency translation adjustment	(170)	(197)
Remeasurements of defined benefit plans	(211)	172
Total accumulated other comprehensive income	5,698	9,661
Non-controlling interests	1,287	1,518
Total net assets	107,587	122,121
Total liabilities and net assets	275,315	285,962

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	153,854	157,546
Cost of sales	121,744	119,706
Gross profit	32,110	37,840
Selling, general and administrative expenses	21,780	20,569
Operating profit	10,329	17,270
Non-operating income		
Interest income	32	41
Dividend income	600	757
Miscellaneous income	489	674
Total non-operating income	1,121	1,473
Non-operating expenses		
Interest expenses	204	196
Share of loss of entities accounted for using equity method	1	1
Miscellaneous loss	390	933
Total non-operating expenses	595	1,131
Ordinary profit	10,855	17,612
Extraordinary income		
Gain on sales of investment securities	-	791
Other	68	25
Total extraordinary income	68	817
Extraordinary losses		
Loss on retirement of non-current assets	95	178
Other	9	7
Total extraordinary losses	104	185
Profit before income taxes	10,819	18,243
Income taxes - current	2,062	2,130
Income taxes - deferred	1,343	3,342
Total income taxes	3,406	5,472
Profit	7,413	12,771
Profit attributable to non-controlling interests	130	224
Profit attributable to owners of parent	7,282	12,546

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	7,413	12,771
Other comprehensive income		
Valuation difference on available-for-sale securities	2,235	3,327
Deferred gains or losses on hedges	(1,083)	277
Foreign currency translation adjustment	(772)	(8)
Remeasurements of defined benefit plans, net of tax	534	383
Total other comprehensive income	913	3,980
Comprehensive income	8,326	16,751
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,261	16,509
Comprehensive income attributable to non-controlling interests	65	241