

JSW Announces Giant Increase in Production Capacity Due to Boost in Demand from Japan and Abroad

The Japan Steel Works (JSW) held a company briefing session on November 20 to explain recent corporate performance that has shed light on the direction of sales of large-sized components in the vanguard of the worldwide nuclear renaissance.

JSW President Masahisa Nagata said that although the recent world financial crisis has caused sluggishness in the growth of certain divisions, the results for the nuclear energy division remained buoyant. For the fiscal year ended March 31, 2009, the consolidated operating profit for the company is thus expected to reach a record JPY35.8 billion (\$375 million at \$1=JPY95.5), up JPY2.5 billion (\$26 million) from the original estimate of JPY33.3 billion (\$349 million). That represents a JPY3.3 billion (\$35 million) increase from the previous year's actual performance, up 10.5%.

For a hint of future performance, it is instructive to look at the annual amount of orders received in the company's primary area of activity, steel products. In that area, the division that handles products related to electrical power and nuclear power (such as nuclear reactor pressure vessels, steam generators, and turbine axles) was originally expected to receive JPY46.0 billion (\$482 million) in orders, but that figure has now been adjusted upward to JPY49.8 billion (\$521 million).

JSW currently holds a commanding 80% share of the world market for large-sized forged components for use in nuclear power facilities. Until now, it had pursued a basic policy of "supplying each manufacturer uniformly," and had planned a first phase of capital investment of JPY50 billion (\$523 million) that already began in the fiscal year ended March 31, 2008, and which will last through mid-2011. However, thanks to the strong demand for increased supply in large forged-steel nuclear components from AREVA of France, JSW has signed a contract with that company for the period of 2012 to 2016. It has thus revealed that it is planning a second phase of capital investment in addition to the first, investing an additional JPY30.0 billion (\$314 million) through the fiscal year ended March 31, 2012.

As a result, JSW will boost its manufacturing capacity for nuclear-use forged steel components from the FY08 level of four units to 8.5 units by FY11, and to 12 units by FY12. That represents a tripling of current output.

The company is receiving new orders from such countries as the United States and China. In addition, for the fiscal year ended March 31, 2010, it says it "expects to receive new orders domestically from Japan, having received approval for seismic design."

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