

JFE Holdings' Financial Results for First Half of Fiscal Year 2019 Ending March 31, 2020

— All financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) —
(Note: The following is an English translation of an original Japanese document)

November 12, 2019

Official name: Listings: Code: English URL: Representative: Contact: Phone: Scheduled date to submit Quarterly Securities Report: Scheduled date to start paying dividends: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	JFE Holdings, Inc. Tokyo and Nagoya stock exchanges 5411 www.jfe-holdings.co.jp/en Koji Kakigi, President and CEO Hidetsugu Tawara, Manager, Public Relations Section, Investor Relations and Corporate Communications Department +81-3-3597-3842 November 13, 2019 December 6, 2019 Yes Yes
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(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Half of Fiscal 2019 (April 1 to September 30, 2019)

(1) Consolidated Operating Results (cumulative total)

(Percentages indicate year on year change)

	Revenue (million yen)	%	Business profit (million yen)	%	Profit Before tax (million yen)	%	Profit (million yen)	%	Profit attributable to owners of parent (million yen)	%	Compre- hensive income (million yen)	%
1H FY 2019	1,871,292	(1.1)	49,063	(68.3)	42,782	(71.2)	34,181	(69.4)	31,934	(70.7)	18,530	(83.9)
1H FY 2018	1,892,366	-	154,689	-	148,410	-	111,604	-	108,835	-	114,807	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
End 1H FY 2019	55.46	55.44
End 1H FY 2018	188.84	188.83

Note: Business profit is profit before tax excluding financial income and one-time items of a materially significant value.

(2) Consolidated Financial Position

	Total assets (million yen)	Total equity (million yen)	Equity attributable to owners of parent (million yen)	Total equity attributable to owners of parent (%)
End 1H FY 2019	4,830,328	1,995,514	1,918,353	39.7
End FY 2018	4,709,201	1,991,759	1,926,337	40.9

2. Dividends

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2018	95.00	45.00	50.00
FY 2019	-	20.00	-

Note: Revisions to dividend forecast announced most recently: No
The year-end dividend and the total dividend are not yet determined.

3. Forecasts of Consolidated Financial Results in Fiscal 2019 (April 1, 2019 to March 31, 2020)

	Revenue (million yen)	%	Business profit (million yen)	%	Profit before tax (million yen)	%	Profit attributable to owners of parent (million yen)	%	Basic earnings per share (yen)
FY 2019	3,730,000	(3.7)	60,000	(74.1)	47,000	(77.5)	33,000	(79.8)	57.31

Note: Revisions to consolidated financial results forecasts announced most recently: Yes

Notes

1. Changes in significant subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No

2. Changes in accounting policies and accounting estimates
 - 1) Changes in the accounting policies required by IFRS: Yes
 - 2) Changes in the accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No

3. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of the term (including treasury stock)
 - As of September 30, 2019: 614,438,399 shares
 - As of March 31, 2019: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of September 30, 2019: 38,567,615 shares
 - As of March 31, 2019: 38,590,471 shares
 - 3) Average number of shares during the term
 - 1H FY 2019: 575,856,583 shares
 - 1H FY 2018: 576,334,490 shares

This report is not subject to auditing by a certified public accountant or an audit corporation.

Explanation of Appropriate Use of Results Forecasts, and Other Matters of Note

1. As of the Fiscal 2018 under review, the Company adopted International Financial Reporting Standards ("IFRS") in place of Japanese generally accepted accounting principles (J-GAAP). Consolidated figures for First Half and Second Quarter of Fiscal 2018 are therefore also presented on an IFRS basis.

2. Forecasts and other forward-looking statements herein are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances.

3. The supplementary financial data will be published on our website.

Attachments

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1. Condensed Quarterly Consolidated Financial Statements and Notes
(1) Condensed Quarterly Consolidated Statement of Financial Position

	(million yen)	
	As of	As of
	March 31, 2019	September 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	82,288	85,347
Trade and other receivables	754,679	656,044
Contract assets	124,039	157,811
Inventories	917,812	927,795
Income taxes receivable	19,076	13,135
Other financial assets	4,471	4,842
<u>Other current assets</u>	<u>86,290</u>	<u>113,113</u>
Total current assets	1,988,658	1,958,090
Non-current assets:		
Property, plant and equipment:	1,835,229	1,855,875
Goodwill	4,445	7,996
Intangible assets	82,567	86,116
Right-of-use assets	-	105,949
Investment property	59,425	59,331
Investments accounted for using equity method	315,064	315,789
Retirement benefit asset	16,380	16,186
Deferred tax assets	36,609	34,219
Other financial assets	360,133	375,913
<u>Other non-current assets</u>	<u>10,686</u>	<u>14,861</u>
Total non-current assets	2,720,543	2,872,238
Total assets	4,709,201	4,830,328

	(million yen)	
	As of	As of
	March 31, 2019	September 30, 2019
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	584,939	523,301
Bonds payable, borrowings, and lease liabilities	329,400	349,889
Contract liabilities	59,060	70,060
Income taxes payable, etc.	16,399	12,374
Provisions	14,336	11,000
Other financial liabilities	99,097	87,273
Other current liabilities	222,705	189,620
Total current liabilities	1,325,938	1,243,519
Non-current liabilities		
Bonds payable, borrowings, and lease liabilities	1,194,478	1,392,645
Retirement benefit liability	133,999	136,168
Provisions	30,438	28,773
Deferred tax liabilities	3,550	3,960
Other financial liabilities	17,140	18,787
Other non-current liabilities	11,895	10,960
Total non-current liabilities	1,391,503	1,591,294
Total liabilities	2,717,442	2,834,814
Equity		
Share capital	147,143	147,143
Capital surplus	646,793	652,728
Retained earnings	1,241,420	1,243,259
Treasury shares	(180,670)	(180,600)
Other components of equity	71,650	55,823
Equity attributable to owners of parent	1,926,337	1,918,353
Non-controlling interests	65,422	77,160
Total equity	1,991,759	1,995,514
Total liabilities and equity	4,709,201	4,830,328

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statements of Income (First Half)

	First Half of Fiscal 2018 (April 1, 2018 – September 30, 2018)	(million yen) First Half of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Revenue	1,892,366	1,871,292
Cost of sales	<u>(1,603,971)</u>	<u>(1,661,198)</u>
Gross profit	288,394	210,094
Selling, general and administrative expenses	(167,791)	(174,661)
Share of profit of entities accounted for using equity method	28,674	11,837
Other income	17,850	18,004
Other expenses	<u>(12,438)</u>	<u>(16,211)</u>
Business profit	154,689	49,063
Operating profit	<u>154,689</u>	<u>49,063</u>
Finance income	951	1,429
Finance costs	<u>(7,230)</u>	<u>(7,710)</u>
Profit before tax	148,410	42,782
Income tax expense	<u>(36,806)</u>	<u>(8,600)</u>
Profit	111,604	34,181
Profit attributable to		
Owners of parent	108,835	31,934
Non-controlling interests	<u>2,769</u>	<u>2,247</u>
Profit	111,604	34,181
Earnings per share		
Basic earnings per share (yen)	188.84	55.46
Diluted earnings per share (yen)	188.83	55.44

Condensed Quarterly Consolidated Statements of Income (Second Quarter)

	Second Quarter of Fiscal 2018 (July 1, 2018 – September 30, 2018)	(million yen) Second Quarter of Fiscal 2019 (July 1, 2019 – September 30, 2019)
Revenue	964,490	943,882
Cost of sales	<u>(820,101)</u>	<u>(841,092)</u>
Gross profit	144,389	102,790
Selling, general and administrative expenses	(83,922)	(88,141)
Share of profit of entities accounted for using equity method	12,142	5,234
Other income	5,596	6,743
Other expenses	<u>(6,862)</u>	<u>(8,345)</u>
Business profit	71,343	18,281
Operating profit	<u>71,343</u>	<u>18,281</u>
Finance income	613	814
Finance costs	<u>(3,684)</u>	<u>(3,828)</u>
Profit before tax	68,271	15,268
Income tax expense	<u>(14,689)</u>	<u>(1,788)</u>
Profit	53,581	13,479
Profit attributable to		
Owners of parent	52,045	12,193
Non-controlling interests	<u>1,536</u>	<u>1,285</u>
Profit	53,581	13,479
Earnings per share		
Basic earnings per share (yen)	90.32	21.17
Diluted earnings per share (yen)	90.32	21.17

Condensed Quarterly Consolidated Statements of Comprehensive Income (First Half)

	First Half of Fiscal 2018 (April 1, 2018 – September 30, 2018)	(million yen) First Half of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Profit	111,604	34,181
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	2,717	384
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	7,464	(8,036)
Share of other comprehensive income of investments accounted for using equity method	776	89
Total of items that will not be reclassified to profit or loss	10,958	(7,561)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,438)	(2,816)
Effective portion of cash flow hedges	1,480	192
Share of other comprehensive income of investments accounted for using equity method	(6,797)	(5,466)
Total of items that may be reclassified to profit or loss	(7,755)	(8,089)
Total other comprehensive income	3,202	(15,651)
Comprehensive income	114,807	18,530
Comprehensive income attributable to		
Owners of parent	112,270	16,517
Non-controlling interests	2,536	2,013
Comprehensive income	114,807	18,530

Condensed Quarterly Consolidated Statements of Comprehensive Income (Second Quarter)

	(million yen)	
	Second Quarter of Fiscal 2018 (July 1, 2018 – September 30, 2018)	Second Quarter of Fiscal 2019 (July 1, 2019 – September 30, 2019)
Profit	53,581	13,479
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	993	964
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	9,767	(1,329)
Share of other comprehensive income of investments accounted for using equity method	199	(120)
Total of items that will not be reclassified to profit or loss	10,960	(485)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,409	(3,344)
Effective portion of cash flow hedges	1,594	466
Share of other comprehensive income of investments accounted for using equity method	(343)	(5,351)
Total of items that may be reclassified to profit or loss	2,660	(8,229)
Total other comprehensive income	13,620	(8,714)
Comprehensive income	67,202	4,764
Comprehensive income attributable to		
Owners of parent	65,820	3,955
Non-controlling interests	1,382	809
Comprehensive income	67,202	4,764

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
 First Half of Fiscal 2018 (April 1, 2018 – September 30, 2018)

(million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2018	147,143	646,634	1,138,091	(179,070)	–	113,073
Profit	–	–	108,835	–	–	–
Other comprehensive income	–	–	–	–	2,819	8,064
Comprehensive income	–	–	108,835	–	2,819	8,064
Purchase of treasury shares	–	–	–	(1,544)	–	–
Disposal of treasury shares	–	(1)	–	2	–	–
Dividends	–	–	(28,834)	–	–	–
Share-based payment transactions	–	112	–	–	–	–
Changes in ownership interest in subsidiaries	–	(0)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	3,237	–	(2,819)	(418)
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	110	(25,596)	(1,541)	(2,819)	(418)
Balance as of September 30, 2018	147,143	646,745	1,221,330	(180,612)	–	120,719

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Other components of equity			Total	Total	Total		
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total					
Balance as of April 1, 2018	(1,805)	(1,359)	109,907	1,862,707	59,357	1,922,065		
Profit	–	–	–	108,835	2,769	111,604		
Other comprehensive income	(8,780)	1,331	3,435	3,435	(232)	(3,202)		
Comprehensive income	(8,780)	1,331	3,435	112,270	2,536	114,807		
Purchase of treasury shares	–	–	–	(1,544)	–	(1,544)		
Disposal of treasury shares	–	–	–	1	–	1		
Dividends	–	–	–	(28,834)	(1,578)	(30,412)		
Share-based payment transactions	–	–	–	112	–	112		
Changes in ownership interest in subsidiaries	–	–	–	(0)	0	–		
Transfer from other components of equity to retained earnings	–	–	(3,237)	–	–	–		
Transfer to non-financial assets	–	(923)	(923)	(923)	–	(923)		
Other	–	–	–	–	406	406		
Total transactions with owners	–	(923)	(4,160)	(31,189)	(1,171)	(32,360)		
Balance as of September 30, 2018	(10,586)	(951)	109,182	1,943,788	60,722	2,004,511		

First Half of Fiscal 2019 (April 1, 2019 – September 30, 2019)

(million yen)

	Equity attributable to owners of parent					Other components of equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2019	147,143	646,793	1,241,420	(180,670)	—	90,730
Cumulative effects of changes in accounting policies	—	—	(1,302)	—	—	—
Retroactively adjusted balance	147,143	646,793	1,240,117	(180,670)	—	90,730
Profit	—	—	31,934	—	—	—
Other comprehensive income	—	—	—	—	360	(8,017)
Comprehensive income	—	—	31,934	—	360	(8,017)
Purchase of treasury shares	—	—	—	(22)	—	—
Disposal of treasury shares	—	(3)	—	5	—	—
Dividends	—	—	(28,831)	—	—	—
Share-based payment transactions	—	(42)	—	88	—	—
Changes in ownership interest in subsidiaries	—	5,980	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	38	—	(360)	322
Transfer to non-financial assets	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	5,934	(28,792)	70	(360)	322
Balance as of September 30, 2019	147,143	652,728	1,243,259	(180,600)	—	83,035

	Equity attributable to owners of parent			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2019	(16,547)	(2,532)	71,650	1,926,337	65,422	1,991,759
Cumulative effects of changes in accounting policies	—	—	—	(1,302)	—	(1,302)
Retroactively adjusted balance	(16,547)	(2,532)	71,650	1,925,034	65,422	1,990,456
Profit	—	—	—	31,934	2,247	34,181
Other comprehensive income	(8,146)	385	(15,417)	(15,417)	(234)	(15,651)
Comprehensive income	(8,146)	385	(15,417)	16,517	2,013	18,530
Purchase of treasury shares	—	—	—	(22)	—	(22)
Disposal of treasury shares	—	—	—	1	—	1
Dividends	—	—	—	(28,831)	(2,151)	(30,982)
Share-based payment transactions	—	—	—	46	—	46
Changes in ownership interest in subsidiaries	—	—	—	5,980	11,469	17,449
Transfer from other components of equity to retained earnings	—	—	(38)	—	—	—
Transfer to non-financial assets	—	(370)	(370)	(370)	—	(370)
Other	—	—	—	—	406	406
Total transactions with owners	—	(370)	(409)	(23,197)	9,725	(13,472)
Balance as of September 30, 2019	(24,694)	(2,517)	55,823	1,918,353	77,160	1,995,514

(4) Condensed Quarterly Consolidated Statement of Cash Flow (First Half)

	(million yen)	
	First Half of Fiscal 2018 (April 1, 2018 – September 30, 2018)	First Half of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Cash flows from operating activities		
Profit before tax	148,410	42,782
Depreciation and amortization	96,620	109,973
Changes in allowance	(2,231)	(5,003)
Interest and dividend income	(6,242)	(7,358)
Interest expenses	6,793	7,228
Decrease (increase) in trade and other receivables	120,857	103,214
Decrease (increase) in inventories	(53,308)	(13,159)
Increase (decrease) in trade and other payables	(18,835)	(58,914)
Other	(96,434)	(86,377)
Subtotal	195,630	92,385
Interest and dividends received	10,357	15,026
Interest paid	(6,263)	(6,629)
Income taxes paid	(36,527)	480
Cash flows from operating activities	163,196	101,263
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(139,824)	(164,618)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	71	1,105
Purchase of investments	(7,037)	(4,660)
Proceeds from sale of investments	5,804	713
Other	685	2,475
Cash flows from investing activities	(140,301)	(164,983)

	(million yen)	
	First Half of Fiscal 2018 (April 1, 2018 – September 30, 2018)	First Half of Fiscal 2019 (April 1, 2019 – September 30, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,406	1,794
Increase (decrease) in commercial papers	27,999	(60,000)
Proceeds from long-term borrowings	117,151	83,046
Repayments of long-term borrowings	(128,905)	(23,207)
Proceeds from issuance of bonds	20,000	120,000
Redemption of bonds	(15,000)	-
Payments for purchase of treasury shares	(1,544)	(20)
Dividends paid to owners of parent	(28,746)	(28,831)
Other	(7,783)	(22,780)
Cash flows from financing activities	(2,421)	70,000
Effect of exchange rate change on cash and cash equivalents	215	(3,221)
Net increase (decrease) in cash and cash equivalents	20,689	3,059
Cash and cash equivalents at beginning of period	75,117	82,288
Cash and cash equivalents at end of period	95,807	85,347

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

Notes Pertaining to the Presumption of a Going Concern

There is no item for this period.

Changes in accounting policies

Application of IFRS 16 Leases

Effective from the first quarter of the fiscal year ending March 31, 2020, we have adopted IFRS 16 Leases (issued January 2016).

(i) Leases as a lessee

IFRS 16 introduces a single accounting model for a lessee's leases, rather than classifying them into finance leases and operating leases. In general under IFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. However, we use the exemption for short-term leases and leases of low-value assets; instead of recognizing right-of-use assets and lease liabilities for such leases, it expenses the lease payments on a straight-line basis over the lease term. After recognizing a right-of-use asset and a lease liability, we subsequently recognize depreciation of the right-of-use asset and interest on the lease liability.

In applying IFRS 16, we use the transition method described in paragraph C5(b) of IFRS 16 and thus recognize the cumulative effects of initially applying the standard at the date of initial application (April 1, 2019). We have not restated comparative information for the fiscal second quarter under review.

In applying IFRS 16, we selected the practical expedient detailed in paragraph C3 of IFRS 16 for the purpose of assessing whether a contract is, or contains, a lease and thus continue to use the assessments previously made under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. For such assessments made on or after the date of initial application, we apply the provisions of IFRS 16.

(ii) Leases as a lessor

Leases entered into as a lessor are classified as either finance leases or operating leases according to the substance of the transaction rather than the form of the contract. Assets held under finance leases are presented as receivables in an amount equal to the net investment in the lease.

In the case of subleases, the intermediate lessor classifies the sublease with reference to the right-of-use asset arising from the head lease.

In the case of operating leases, we record the leased assets on the condensed quarterly consolidated statement of financial position and recognize lease payments as income on a straight-line basis over the lease term.

The adoption of IFRS 16 resulted in a 104,408-million-yen increase in total assets, a 105,711-million-yen increase in total liabilities and a 1,302-million-yen decrease in retained earnings as of the beginning of the fiscal year ending March 31, 2020.

The weighted average of the lessee's incremental borrowing rate applied to lease liabilities at the date of initial application (April 1, 2019) is 0.6%.

The following shows the adjustments between total future minimum lease payments under non-cancellable operating lease agreements as of the end of the fiscal year ended March 31, 2019 disclosed in accordance with IAS 17 and lease liabilities recognized on the condensed quarterly consolidated statement of financial position at the date of initial application.

Future minimum lease payments under non-cancellable operating lease agreements as of March 31, 2019 (after discount at the incremental borrowing rate)	32,974
Finance lease liabilities recognized as of March 31, 2019	51,375
Operating lease agreements, etc. that are not non-cancellable, recognized as of the date of initial application	72,738
Lease liabilities recognized on the condensed quarterly consolidated statement of financial position as of the date of initial application	157,087

We use the following practical expedients in applying IFRS 16.

- We adopt a single discount rate for portfolios of leases that have reasonably similar characteristics
- We exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application
- We use hindsight when, for example, calculating the lease term for contracts that include an extension or cancellation option

With the adoption of IFRS 16, we have renamed “Bonds payable, borrowings, and lease obligations” on the consolidated statement of financial position for the previous fiscal year as “Bonds payable, borrowings, and lease liabilities”.

2. Supplementary Information

(1) Consolidated Results in First Half and Earnings Forecasts for Fiscal 2019

	(billion yen)							
	FY 2018		FY 2019		Change		FY219 Forecast (August 9)	
	1H ³	Full year	1H	Full year	1H	Full year	Fully year	
Steel Business	1,402.5	2,830.6	1,353.1	2,690.0	(49.4)	(140.6)	2,900.0	
Engineering Business	202.1	485.8	238.9	520.0	36.8	34.2	520.0	
Trading Business	570.6	1,125.8	557.5	1,120.0	(13.1)	(5.8)	1,200.0	
Adjustments	(282.9)	(568.6)	(278.3)	(600.0)	4.6	(31.4)	(660.0)	
Revenue	1,892.3	3,873.6	1,871.2	3,730.0	(21.1)	(143.6)	3,960.0	
Business profit¹	A	154.6	232.0	49.0	60.0	(105.6)	(172.0)	140.0
Finance income / costs	B	(6.2)	(12.5)	(6.3)	(13.0)	(0.1)	(0.5)	(15.0)
Segment Profit								
Steel Business		117.3	161.3	17.7	0.0	(99.6)	(161.3)	70.0
Engineering Business		7.7	20.1	11.9	23.0	4.2	2.9	23.0
Trading Business		19.3	35.7	14.6	32.0	(4.7)	(3.7)	36.0
Adjustments		3.9	2.3	(1.5)	(8.0)	(5.4)	(10.3)	(4.0)
Total	A+B	148.4	219.5	42.7	47.0	(105.7)	(172.5)	125.0
Exceptional Items ²		-	(10.2)	-	-	-	10.2	-
Profit before tax		148.4	209.3	42.7	47.0	(105.7)	(162.3)	125.0
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests		(39.6)	(45.8)	(10.8)	(14.0)	28.8	31.8	(35.0)
Profit Attributable to Owners of Parent		108.8	163.5	31.9	33.0	(76.9)	(130.5)	90.0

¹ Business profit: Profit that excludes financial income and exceptional items from profit before tax. It is a benchmark indicator of the company's consolidated earnings.

² Exceptional Items: One-time items of a materially significant value.

³ As of Fiscal 2018, the Company adopted IFRS. Consolidated figures of the First Half of Fiscal 2018 are therefore also presented on an IFRS basis. Actual results of IFRS for the First Half of Fiscal 2018 may change depending on the results of future quarterly reviews.

(2) Consolidated Financial Indices

	Fiscal 2018	Fiscal 2019	Change
Return on Sales (ROS) ¹	6.0%	1.6%	(4.4%)
Return on Assets (ROA) ²	5.0%	1.2%	(3.8%)
Return on Equity (ROE) ³	8.6%	1.7%	(6.9%)
EBITDA ⁴	428.2 billion yen	290.0 billion yen	(138.2 billion yen)
Interest-bearing debt outstanding	1,523.8 billion yen	1,860.0 billion yen	336.2 billion yen**
Debt / EBITDA multiple ⁵	3.6x	6.4x	2.8x
Equity attributable to owners of parent	1,926.3 billion yen	1,910.0 billion yen	(16.3 billion yen)
D/E Ratio ⁶	68.2%	85.3%	17.1%

¹ ROS = Business profit / Revenue

² ROA = Business profit / Total assets

³ ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

⁴ EBITDA = Business profit + Depreciation and amortization

⁵ Debt / EBITDA multiple = Interest-bearing debt outstanding / EBITDA

⁶ D/E ratio = Debt outstanding / Equity attributable to owners of parent. For debt having a capital component*, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

* For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
June 30, 2016	200.0 billion yen	25%	50.0 billion yen
March 19, 2018	300.0 billion yen	25%	75.0 billion yen

** Impact of application of IFRS 16 Lease

Amount increased at beginning of FY2019	
Lease liabilities	105.7 billion yen

(3) Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018	Non-consolidated	7.10	6.94	14.04	6.39	5.88	12.27	26.31
	Consolidated	7.51	7.33	14.84	6.79	6.25	13.04	27.88
FY 2019	Non-consolidated	7.00	6.79	13.79			13.20*	27.00*
	Consolidated	7.36	7.13	14.50			13.90*	28.40*

*estimate

(4) Shipments (JFE Steel on non-consolidated basis) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		6.13	5.93	12.06	6.24	5.48	11.72	23.78
FY 2019		5.85	5.94	11.80				

(5) Export Ratio on Value Basis (JFE Steel on non-consolidated basis) (%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		42.4	44.2	43.3	43.5	36.0	40.1	41.7
FY 2019		39.9	42.1	41.0				

(6) Foreign Exchange Rate (Yen/US dollar) (JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		108.1	110.9	109.5	113.4	110.3	111.9	110.7
FY 2019		110.7	107.6	109.2			105*	107*

*estimate

(7) Average Selling Price (JFE Steel on non-consolidated basis) (thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		79.3	81.9	80.6	82.9	82.0	82.5	81.5
FY 2019		80.4	79.4	79.9				

(8) Engineering Business Orders (including intersegment transactions, IFRS basis)

(billion yen)

Field	FY2018	FY2019	Change
Environment	212.6	200.0*	(12.6)
Energy	132.8	110.0*	(22.8)
Infrastructure, others	137.4	140.0*	2.6
Total	482.8	450.0*	(32.8)

*estimate

(9) Capital Investment and Depreciation and Amortization (JFE Holdings)

(billion yen)

	FY 2018	FY2019
Capital Investment	329.5	410.0*
Depreciation & Amortization	196.2	230.0*

(on construction basis)

*estimate

(10) Breakdown of Changes in Segment Profit (IFRS)

a. First half of FY 2019, compared to same period of FY 2018

	(billion yen) <u>Change</u>
Steel Business	
- Cost	13.0
- Sales volume and mix	(7.0)
- Sales prices and raw materials	(51.0)
- Unrealized gains (losses) on inventories	(20.0)
- Others	(34.6)
- Total	<u>(99.6)</u>
Engineering Business, Trading Business, Adjustment	(6.1)

b. FY 2019 (forecast), compared to FY 2018

	(billion yen) <u>Change</u>	
Steel Business		
- Cost	50.0	Cost reductions +28.0, No one-off effects +22.0 in FY 2018
- Sales volume and mix	0.0	
- Sales prices and raw materials	(96.0)	
- Unrealized gains (losses) on inventories	(62.0)	
- Materials prices etc.	(15.0)	Increased costs of materials, distribution, subcontracting, etc.
- Others	(38.3)	Increased depreciation costs related to infrastructure maintenance, group companies, etc.
- Total	<u>(161.3)</u>	
Engineering Business, Trading Business, Adjustment	(11.2)	

c. FY 2019 (forecast), compared to previous forecast

	(billion yen) <u>Change</u>
Steel Business	
- Cost	(10.0)
- Sales volume and mix	(30.0)
- Sales prices and raw materials	(3.0)
- Unrealized gains (losses) on inventories	(30.0)
- Others	3.0
- Total	<u>(70.0)</u>
Engineering Business, Trading Business, Adjustment	(8.0)

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