



JFE Group

***Financial Results through Third Quarter of
Fiscal Year 2017 ending March 31, 2018***

JFE Holdings, Inc.

February 1, 2018



JFE

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- Dividends

This presentation material is for information and discussion purpose only.

Any statements in the presentation which are not historical facts are future projections based on certain assumptions and currently available information. Please note that actual performance may vary significantly due to various factors.



**Consolidated Results through Third
Quarter of Fiscal Year 2017
(April 1 to December 31, 2017)**

Financial Results through Third Quarter of Fiscal Year 2017



JFE

(billion yen)

	FY2016 Through 3Q	FY2017 Through 3Q	Change
Net Sales	2,311.7	2,670.8	359.1
Operating Income	36.4	172.3	135.9
Non-operating Income (Expenses)	7.7	(1.8)	(9.5)
Ordinary Income	44.1	170.4	126.3
Extraordinary Profit	11.9	22.1	10.2
Profit before Income Taxes	56.1	192.6	136.5
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(22.8)	(53.9)	(31.1)
Profit Attributable to Owners of Parent	33.2	138.6	105.4



Financial Results through Third Quarter of Fiscal Year 2017 (by Segment)

JFE-HD

(billion yen)

	FY2016 Through 3Q	FY2017 Through 3Q	Change
Steel Business	1,655.5	1,991.9	336.4
Engineering Business	277.4	256.6	(20.8)
Trading Business	1,180.7	1,410.5	229.8
Adjustments	(802.0)	(988.2)	(186.2)
Net Sales	2,311.7	2,670.8	359.1
Steel Business	13.6	150.2	136.6
Engineering Business	16.0	6.0	(10.0)
Trading Business	14.3	26.0	11.7
Adjustments	0.1	(11.9)	(12.0)
Ordinary Income	44.1	170.4	126.3



Adjustments of Ordinary Income of Financial Results through Third Quarter of Fiscal Year 2017

- Japan Marine United Corporation, JFE-HD's equity-method affiliate, recorded loss attributable to owners of parent of 23.2 billion yen through third quarter of fiscal year 2017 due to the delay in construction work and cost increases etc.

 - JFE-HD recorded equity method investment loss of 10.6 billion yen through third quarter of fiscal year 2017.
[Included in adjustments of ordinary income of 11.9 billion yen]
- JFE-HD's ownership ratio in Japan Marine United Corporation: 45.9%



**Forecasts of Consolidated Financial
Results in Fiscal Year 2017
(April 1, 2017 to March 31, 2018)**

Financial Forecasts for Fiscal Year 2017



JFE

(billion yen)

	Previous Forecast (Nov. 1, 2017)	Updated Forecast (Feb. 1, 2018)			Change Full year
		Full year	Apr-Dec	Jan-Mar	
Net Sales	3,650.0	2,670.8	999.2	3,670.0	20.0
Operating Income	210.0	172.3	57.8	230.0	20.0
Non-operating Income (Expenses)	(10.0)	(1.8)	(8.2)	(10.0)	0.0
Ordinary Income	200.0	170.4	49.7	220.0	20.0
Extraordinary Profit (Loss)	20.0	22.1	(7.1)	15.0	(5.0)
Profit before Income Taxes	220.0	192.6	42.5	235.0	15.0
Tax Expense and Profit (Loss) Attributable to Non-controlling interests	(70.0)	(53.9)	(21.1)	(75.0)	(5.0)
Profit Attributable to Owners of Parent	150.0	138.6	21.5	160.0	10.0
ROS(*)	5.5%	6.4%	5.0%	6.0%	0.5%

*Return on Sales: Ordinary Income / Net Sales

Financial Forecasts for Fiscal Year 2017 (by Segment)

JFE

(billion yen)

	Previous Forecast (Nov. 1, 2017)	Updated Forecast (Feb. 1, 2018)			Change Full year
		Full year	Apr-Dec	Jan-Mar	
Steel Business	2,720.0	1,991.9	738.1	2,730.0	10.0
Engineering Business	420.0	256.6	143.5	400.0	(20.0)
Trading Business	1,830.0	1,410.5	489.6	1,900.0	70.0
Adjustments	(1,320.0)	(988.2)	(371.9)	(1,360.0)	(40.0)
Net Sales	3,650.0	2,670.8	999.2	3,670.0	20.0
Steel Business	150.0	150.2	34.8	185.0	35.0
Engineering Business	25.0	6.0	13.0	19.0	(6.0)
Trading Business	29.0	26.0	6.1	32.0	3.0
Adjustments	(4.0)	(11.9)	(4.1)	(16.0)	(12.0)
Ordinary Income	200.0	170.4	49.7	220.0	20.0

Financial Forecasts for Fiscal Year 2017



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(billion yen)

	FY2016 (A)	FY2017 (F)			Change Full year
	Full year	Apr-Dec	Jan-Mar	Full year	
Net Sales	3,308.9	2,670.8	999.2	3,670.0	361.1
Operating Income	96.7	172.3	57.8	230.0	133.3
Non-operating Income (Expenses)	(12.0)	(1.8)	(8.2)	(10.0)	2.0
Ordinary Income	84.7	170.4	49.7	220.0	135.3
Extraordinary Profit (Loss)	20.7	22.1	(7.1)	15.0	(5.7)
Profit before Income Taxes	105.4	192.6	42.5	235.0	129.6
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(37.5)	(53.9)	(21.1)	(75.0)	(37.5)
Profit Attributable to Owners of Parent	67.9	138.6	21.5	160.0	92.1
ROS(*)	2.6%	6.4%	5.0%	6.0%	3.4%

*Return on Sales: Ordinary Income / Net Sales

Financial Forecasts for Fiscal Year 2017 (by Segment)

(billion yen)

	FY2016 (A) Full year	FY2017 (F)			Change Full year
		Apr-Dec	Jan-Mar	Full year	
Steel Business	2,349.1	1,991.9	738.1	2,730.0	380.9
Engineering Business	426.1	256.6	143.5	400.0	(26.1)
Trading Business	1,671.0	1,410.5	489.6	1,900.0	229.0
Adjustments	(1,137.3)	(988.2)	(371.9)	(1,360.0)	(222.7)
Net Sales	3,308.9	2,670.8	999.2	3,670.0	361.1
Steel Business	40.5	150.2	34.8	185.0	144.5
Engineering Business	26.6	6.0	13.0	19.0	(7.6)
Trading Business	21.8	26.0	6.1	32.0	10.2
Adjustments	(4.2)	(11.9)	(4.1)	(16.0)	(11.8)
Ordinary Income	84.7	170.4	49.7	220.0	135.3



JFE Steel

Financial Results through Third Quarter of Fiscal Year 2017

Production and Shipment

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	Unit	FY2016					FY2017		
		Apr -Jun	Jul -Sep	Oct -Dec	Jan -Mar		Apr -Jun	Jul -Sep	Oct -Dec
Crude Steel (Standalone)	Mt	6.94	7.06	7.12	7.02	28.14	7.12	6.98	7.23
Crude Steel (Consolidated)	Mt	7.52	7.62	7.66	7.61	30.41	7.53	7.38	7.63
Shipment (Standalone)	Mt	6.26	6.34	6.43	6.68	25.70	6.14	6.28	6.38
Export Ratio on Value Basis (Standalone)	%	43.6	44.1	43.3	44.9	44.0	42.1	44.2	45.1
Average Sales Prices (Standalone)	000 yen/t	58.5	58.6	61.5	72.0	62.8	74.4	73.3	77.0
Exchange rate	¥/\$	111.1	103.5	106.1	114.3	108.8	111.5	110.9	112.6
Exchange rate (End of Term)	¥/\$	102.9	101.1	116.5	112.2	112.2	112.0	112.7	113.0

136.6 Billion Yen increase in JFE Steel's Ordinary Income (FY16 through 3Q vs. FY17 through 3Q)



(billion yen)

JFE Steel	FY2016				FY2017	Change
	Apr-Dec	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	Apr-Dec	
Ordinary Income	13.6	48.6	36.0	65.6	150.2	136.6

- Cost reductions + 35.0
- Volume and Mix + 10.0
- Sales and Raw materials + 85.0
- Inventory valuation + 23.0
- Impact of change in depreciation method + 19.0
- Others - 35.4

• Increase in materials cost including ferro-alloy and refractory
 • Increase in depreciation cost through strengthening the manufacturing base etc.

TOTAL

+136.6

29.6 Billion Yen increase in JFE Steel's Ordinary Income (FY17 2Q vs. FY17 3Q)



(billion yen)

JFE Steel	1Q	2Q	3Q	4Q	FY2017	Change 2Q →3Q
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar		
Ordinary Income	48.6	36.0	65.6	34.8	185.0	29.6

- Cost reductions + 3.0
- Volume and Mix + 5.0
- Sales and Raw materials + 12.0
- Inventory valuation + 13.0
- Others - 3.4

TOTAL
+29.6



JFE Steel

Financial Forecasts for Fiscal Year 2017

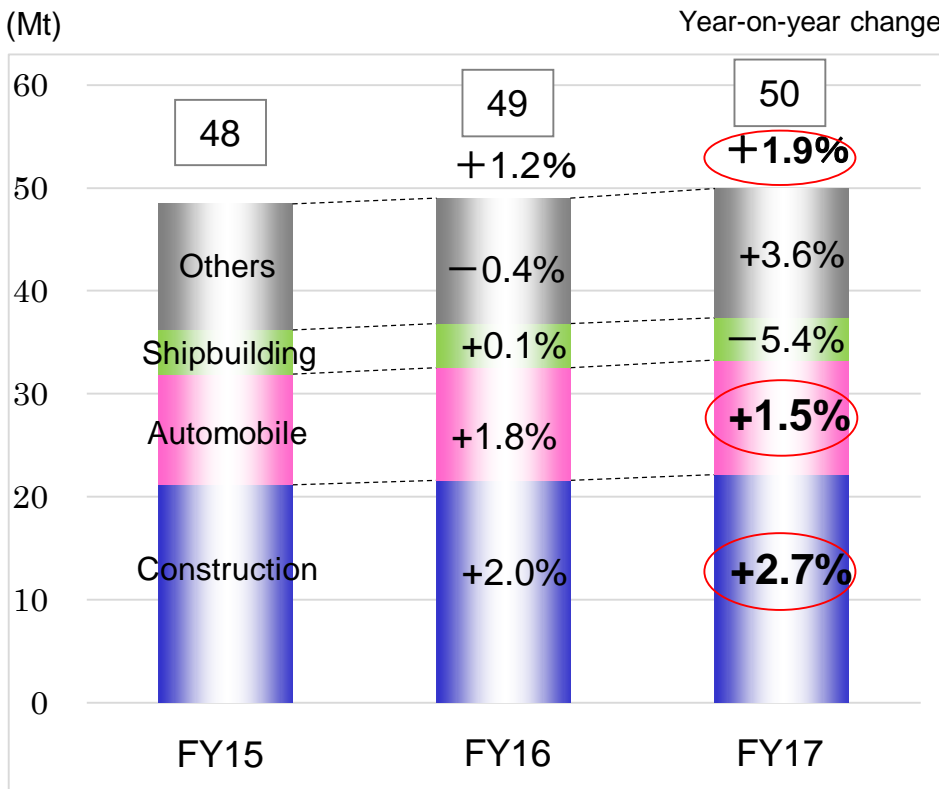


Current Business Environment (Domestic)

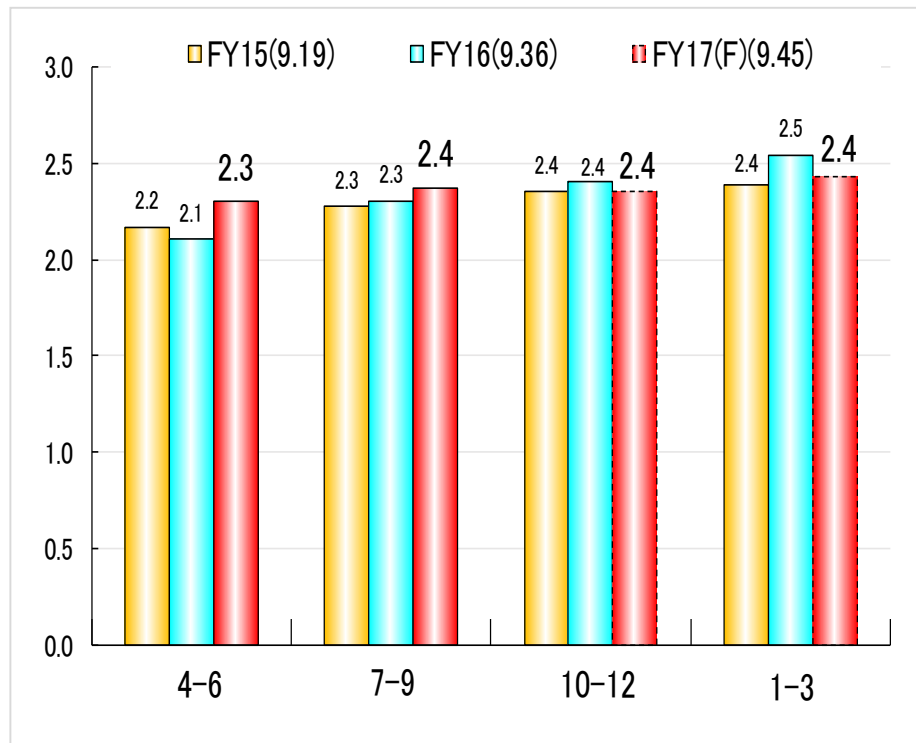
- Domestic steel consumption in FY17 is forecast to increase by +1.9% from FY16.
- Construction sector and automobile sector are forecast to remain robust.
(for construction use: +2.7% for automobile use: +1.5%)

【Outlook for Domestic Ordinary Steel Consumption】

【Outlook for domestic auto production】



JFE Forecast



JFE Forecast 17

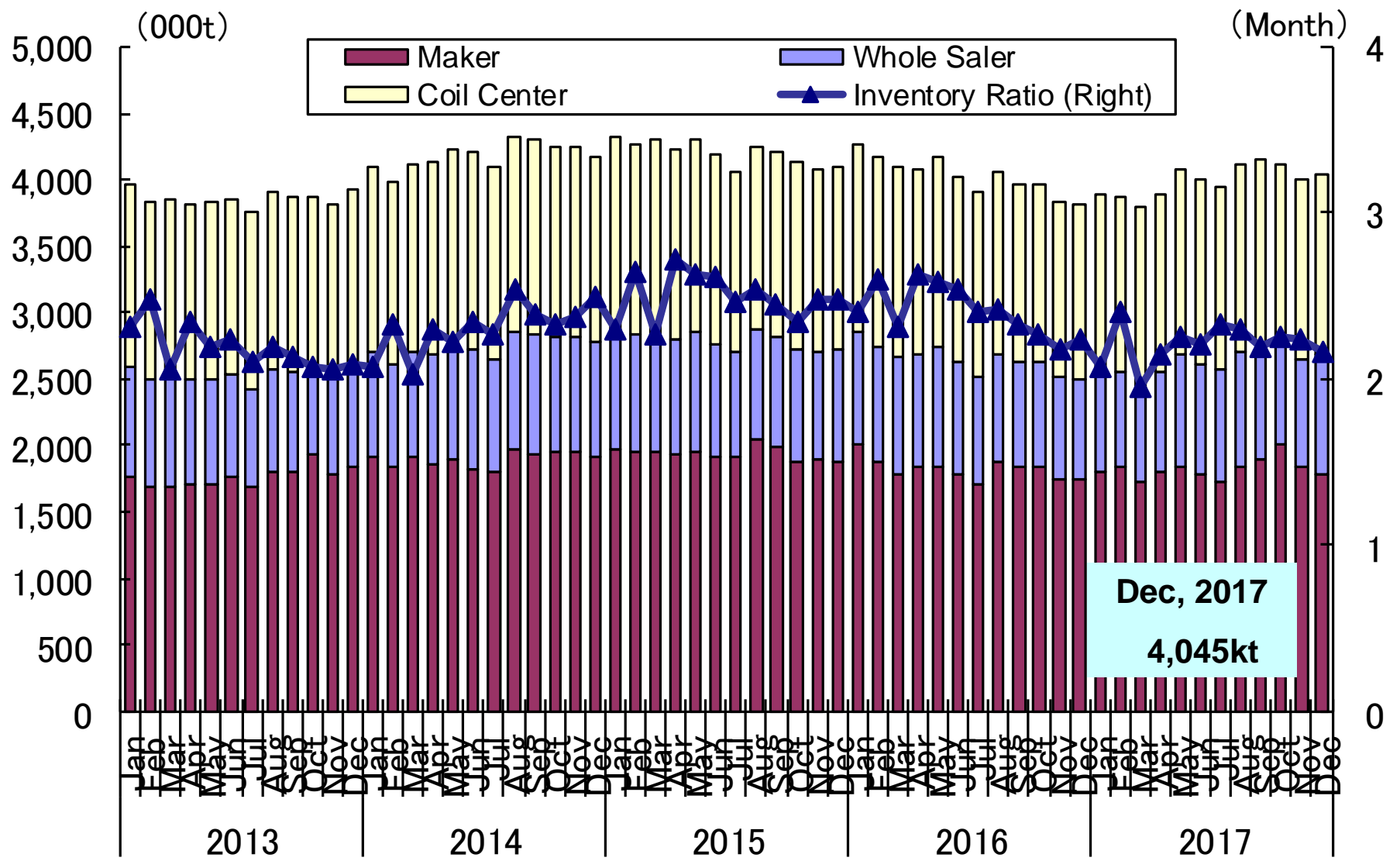


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Domestic Market Environment

Combined Inventories of HR, CR and Coated Steel Sheet

JFE Steel

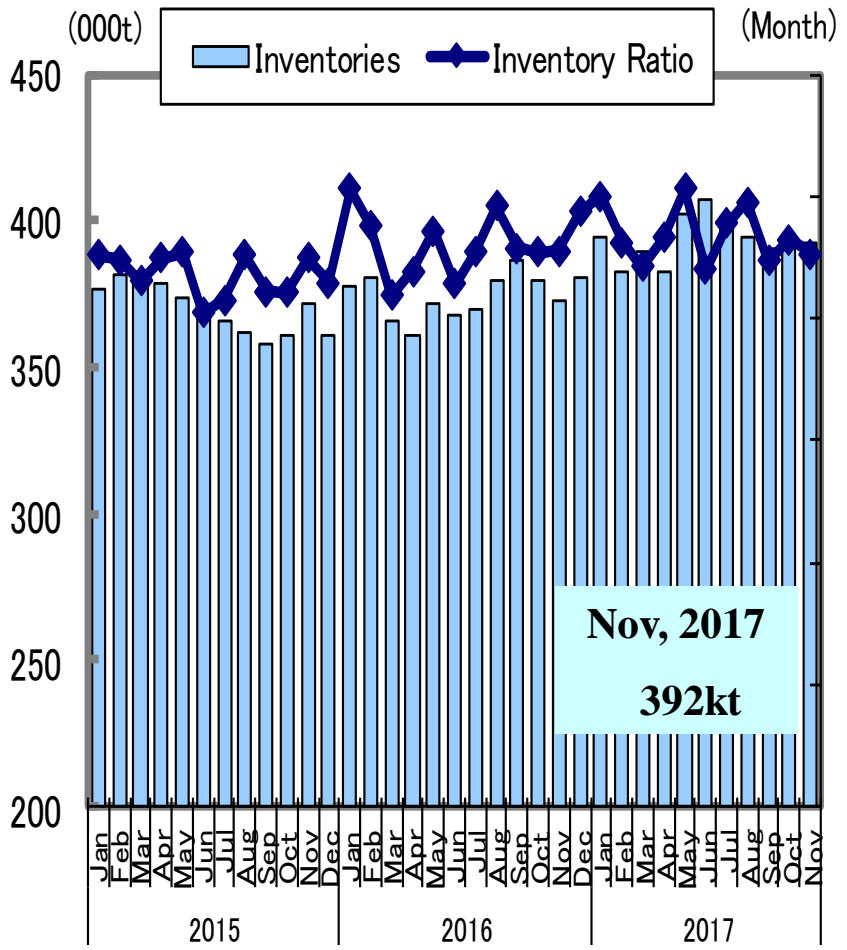




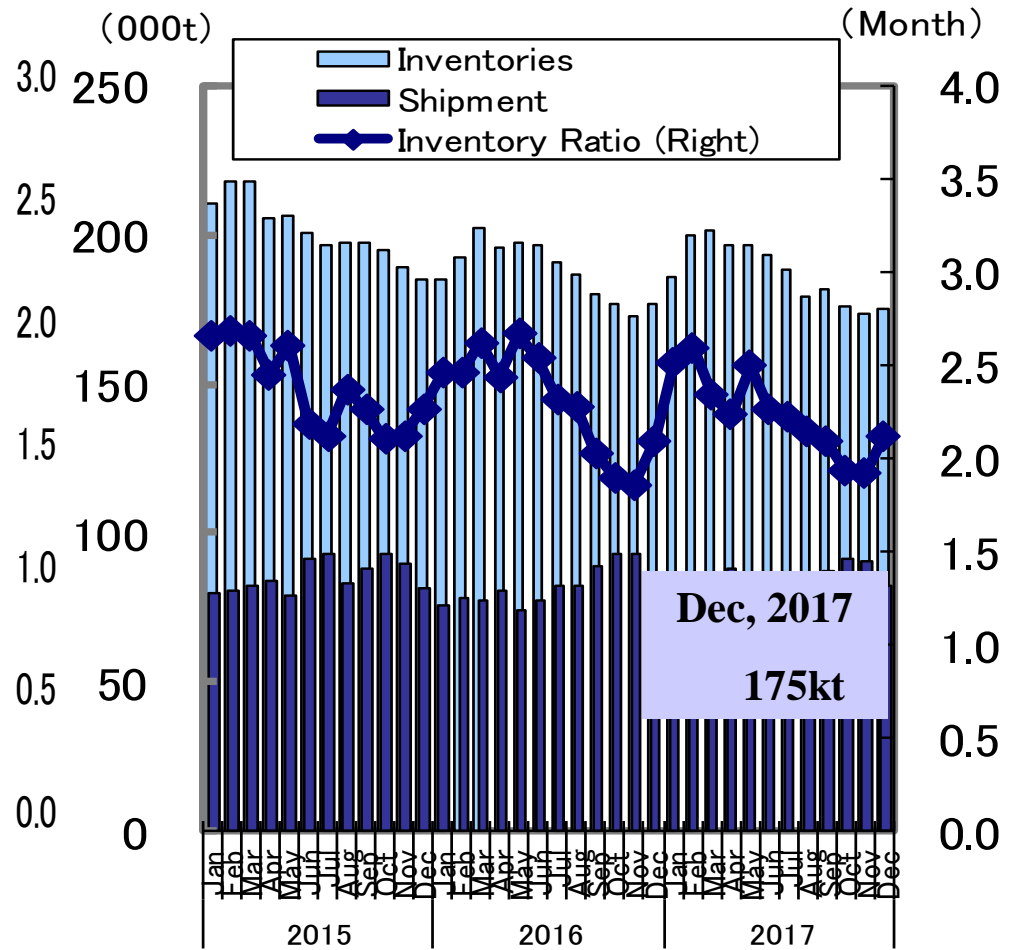
Domestic Market Environment

JFE Steel
Inventories of Plate (Plate Shear) and Wide Flange Shapes

Inventories of Plate (Plate Shear)



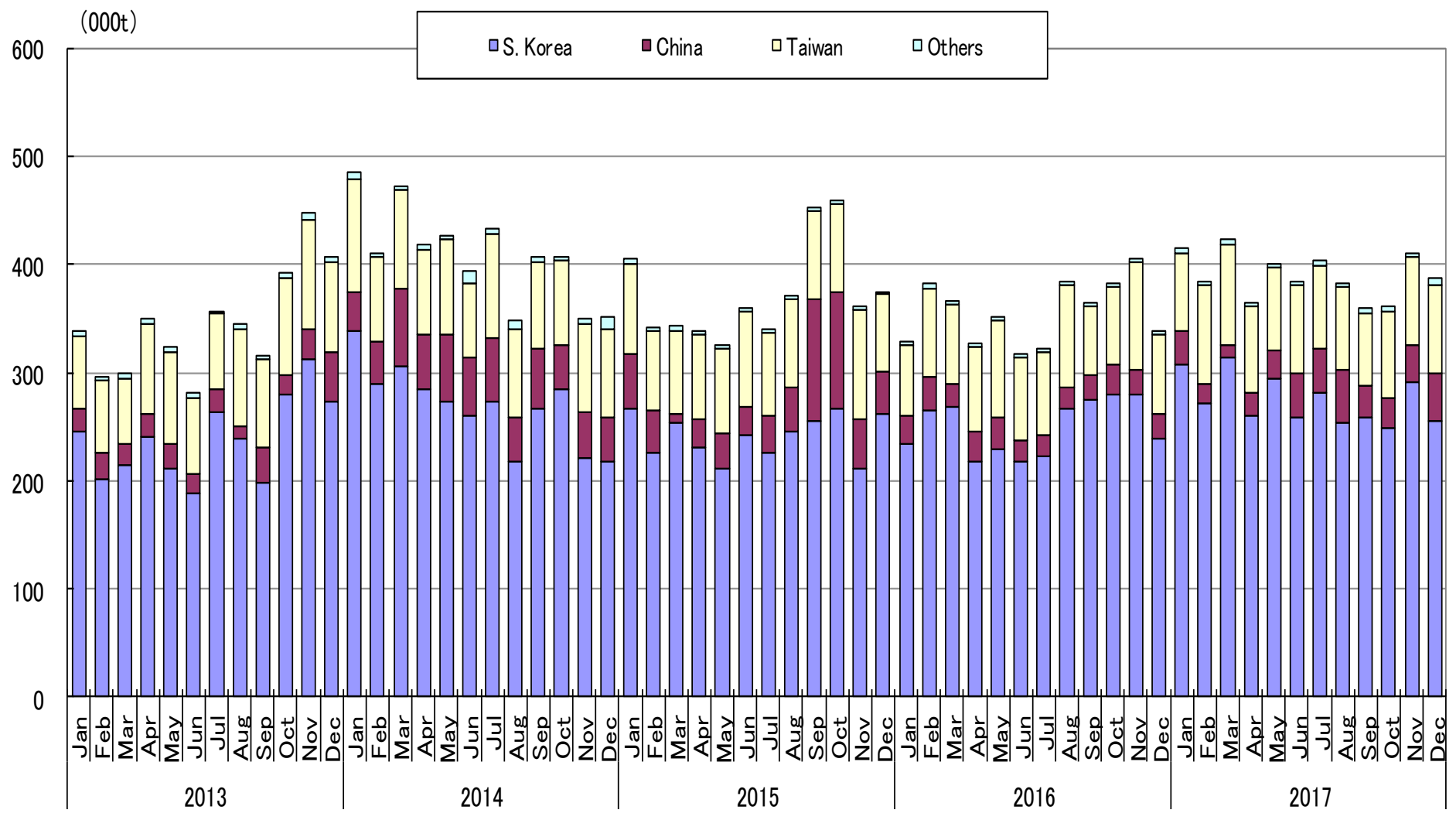
Inventories of Wide Flange Shapes





Domestic Market Environment

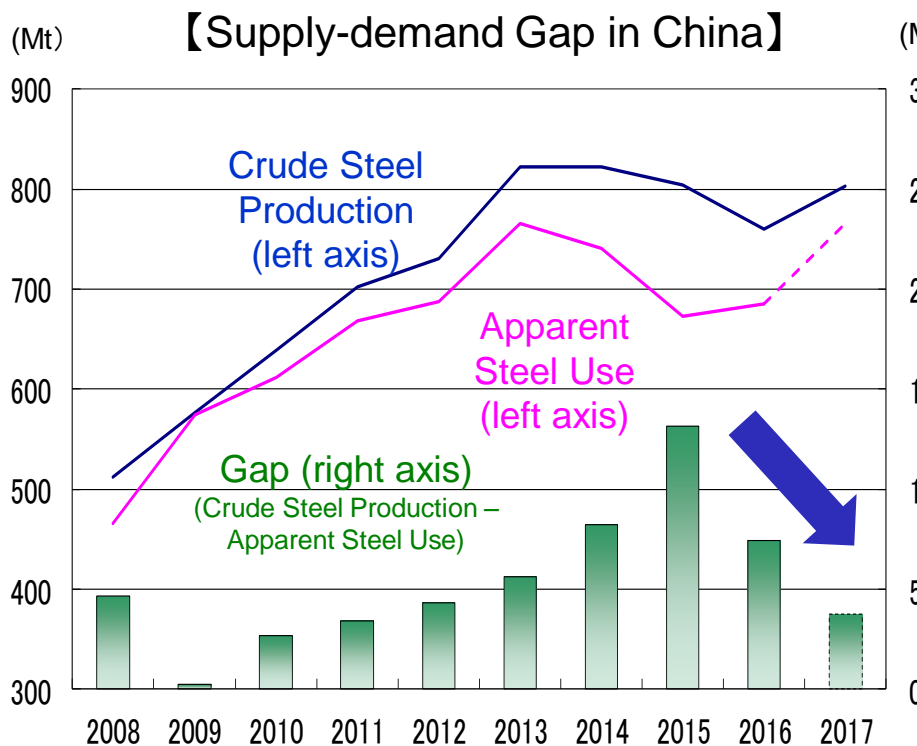
Trend of Import Steel (Ordinary Steel)



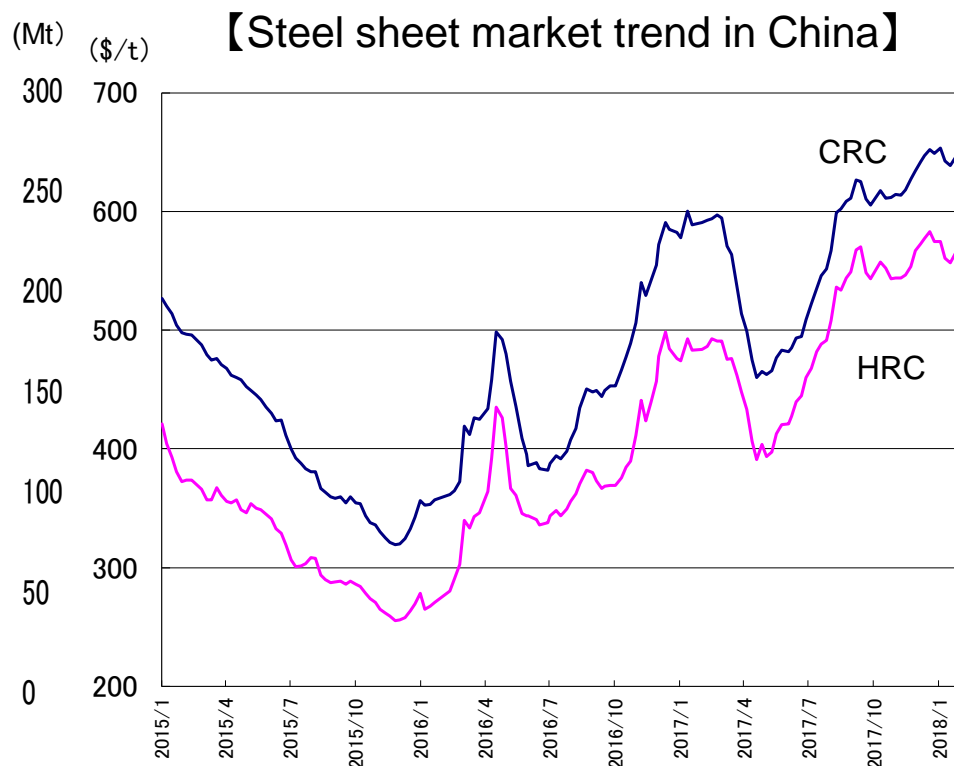
Current Business Environment (Overseas)

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- China's supply and demand balance of steel improved significantly backed by supply side reforms including shutdown of substandard steel mills and strong domestic steel demand in 2017.
- Steel price in China remains at a high level, but we need to watch supply and demand situation closely after Chinese New Year.



WSA and National Bureau of Statistics of China



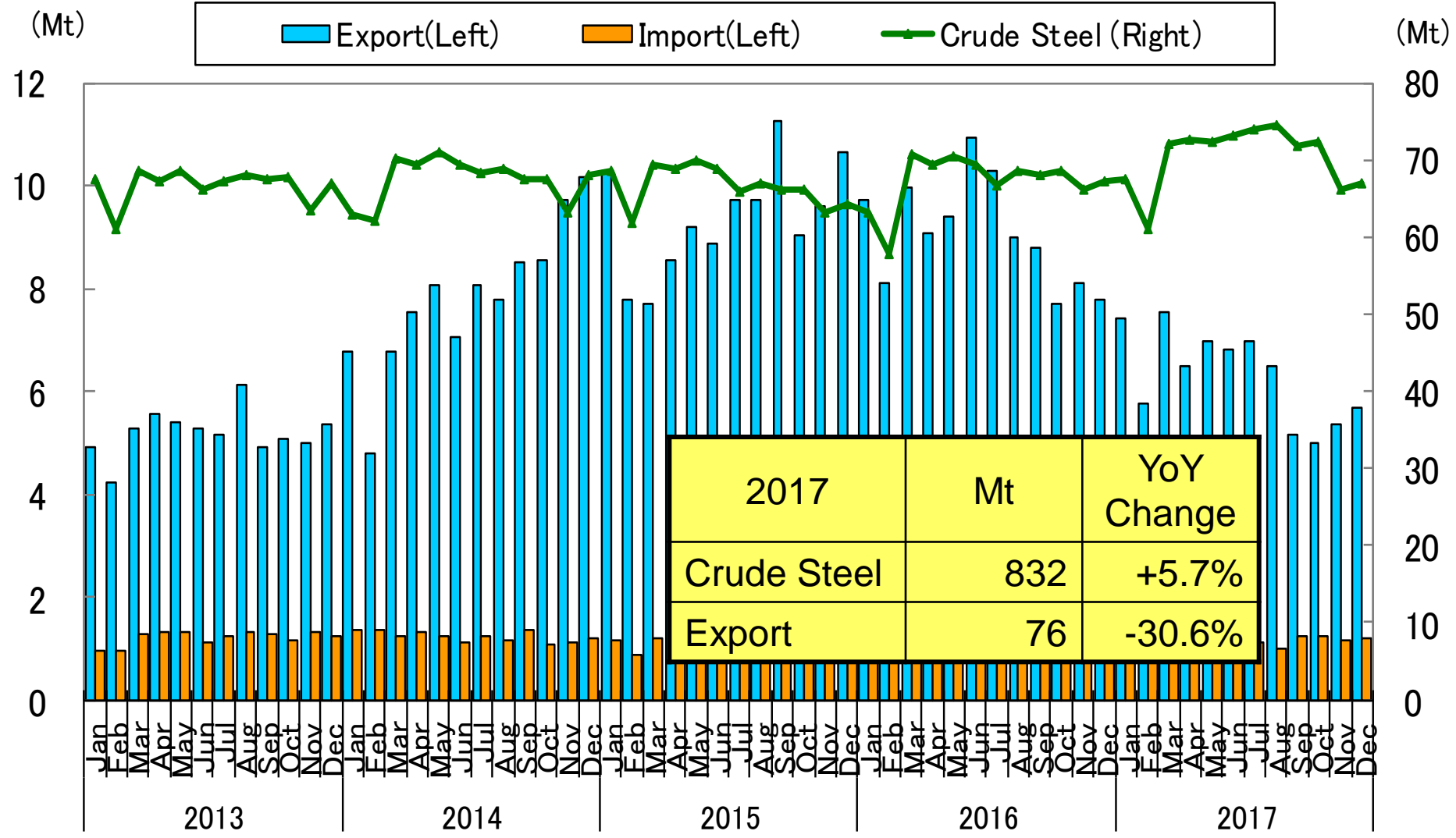
Chinese spot basis



Overseas Market Environment

Crude Steel & Im/Export, China

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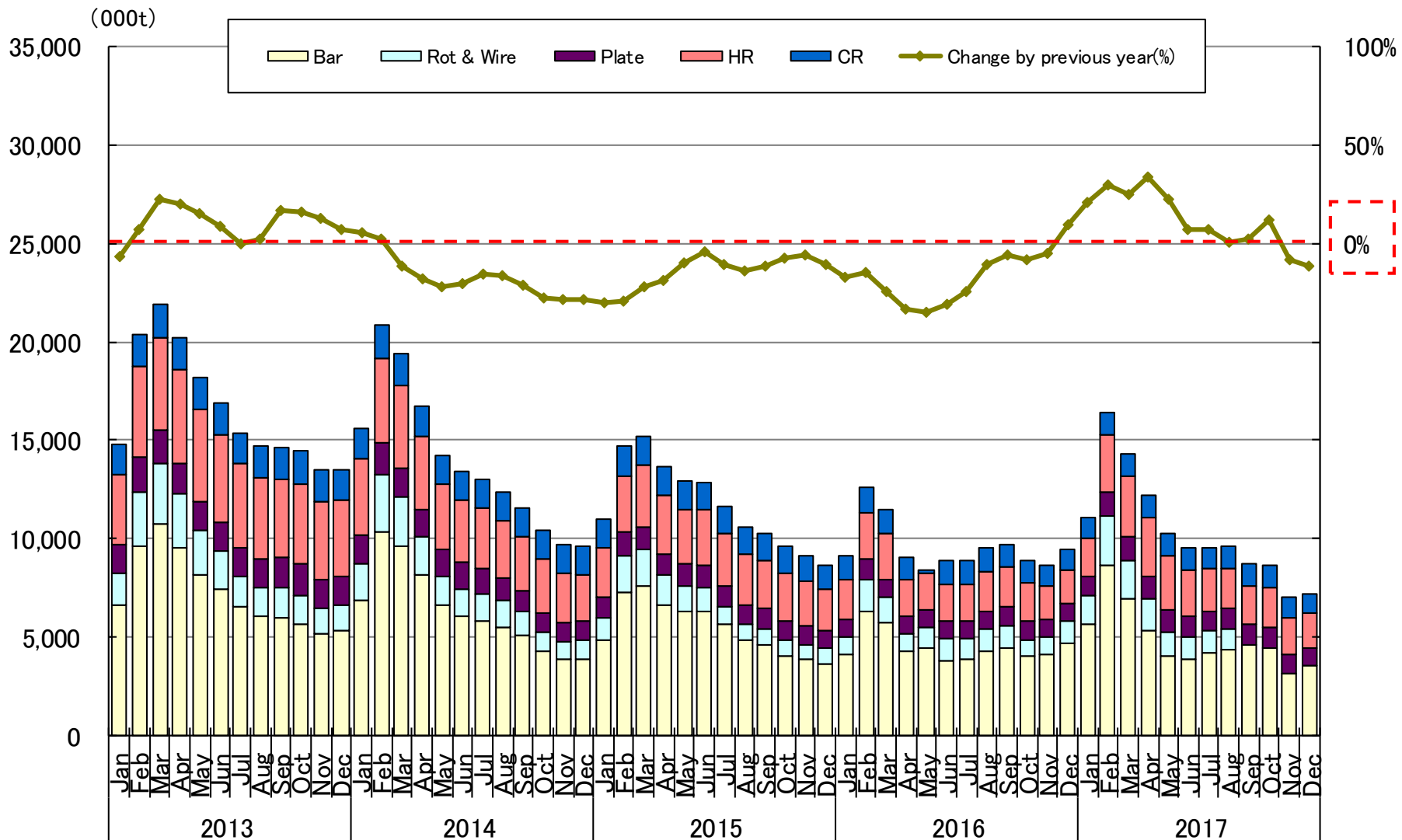


*Crude Steel in Jan and Feb: WSA's estimation



Overseas Market Environment

Inventories in China by Products

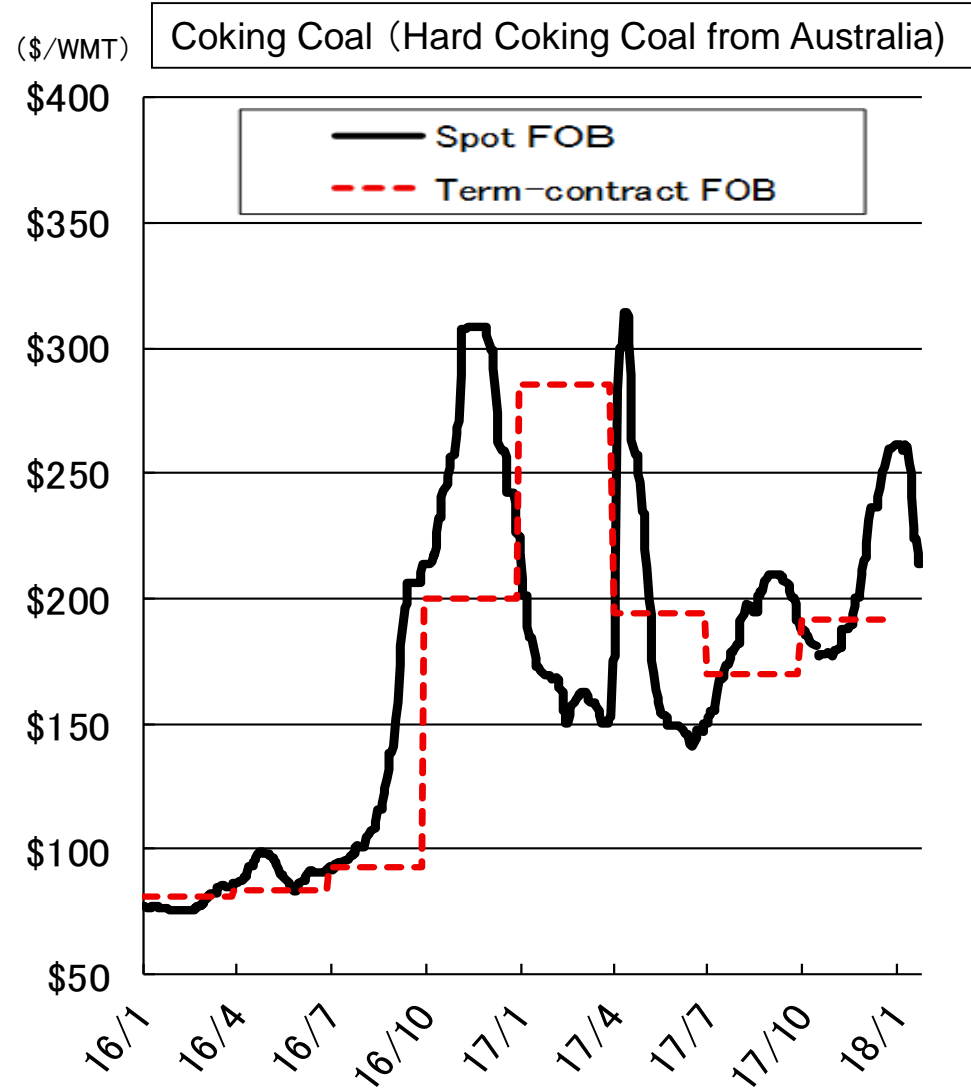
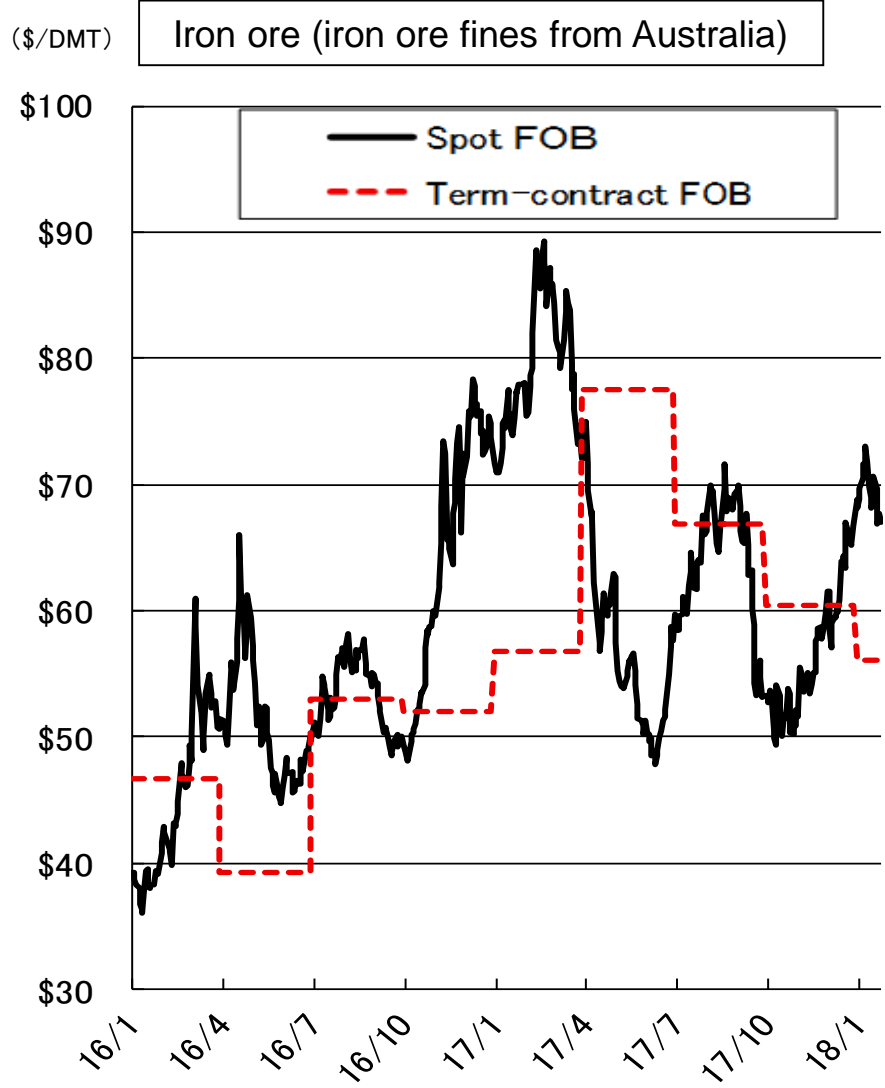




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Raw Materials

Raw Materials Price



Hard Coking Coal Term-contract FOB since Apr-Jun quarter 2017
 (Apr-Jun : Mar-May spot FOB average, Jul-Sep: Jun-Aug spot FOB average,
 Oct-Dec: Sep-Nov spot FOB average)

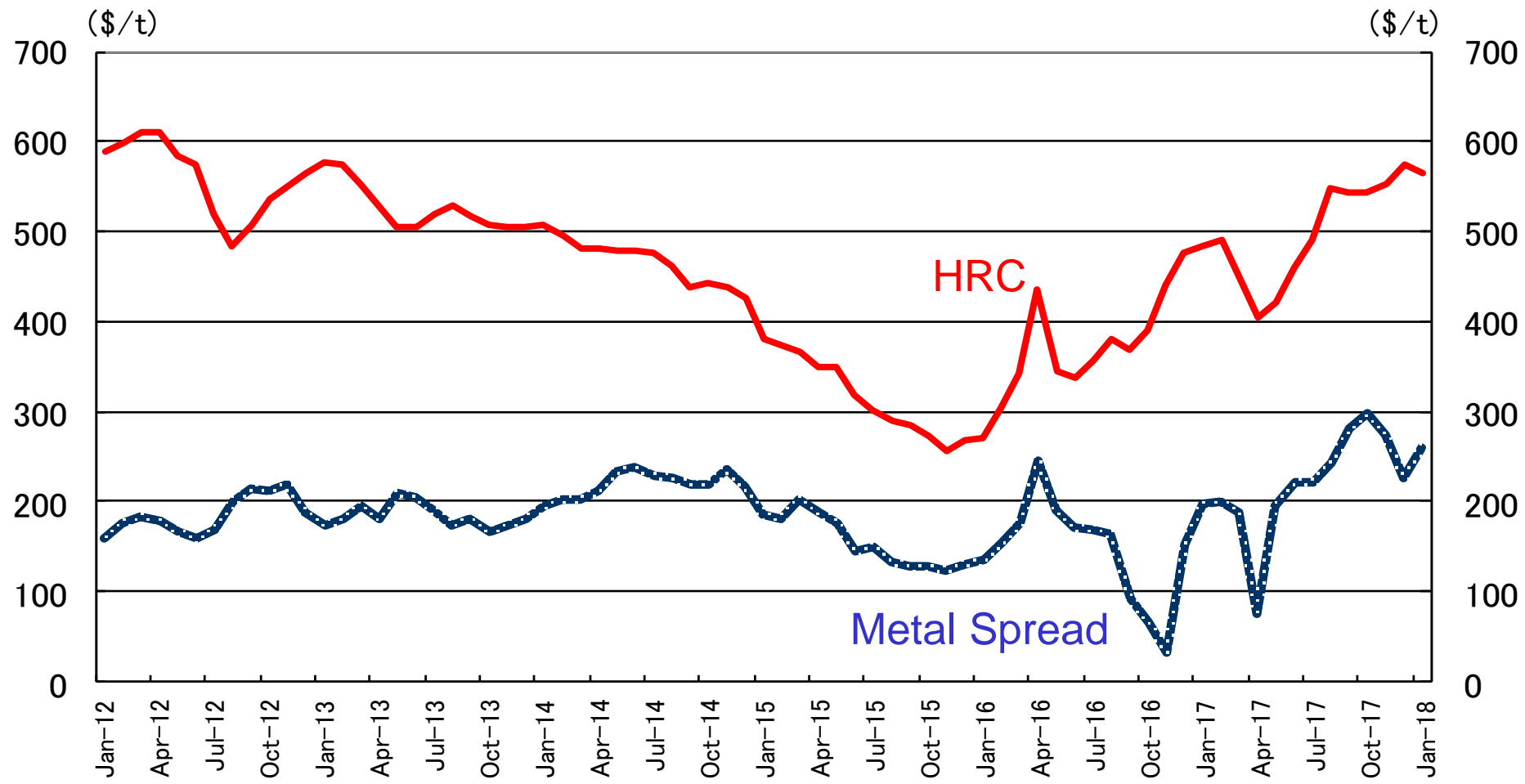


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Overseas Market Environment

Metal Spread Trend (Chinese Spot Basis)

JFE Steel



Metal Spread = HRC Price – Raw Materials Cost

*HRC Price: Chinese Spot basis

Raw Materials Cost: Calculated from market price of Iron Ore and Hard Coking Coal

Financial Forecasts for FY2017 of JFE Steel



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		FY2016	FY2017	FY2017				
		Full year	Full year	1H				Full year
					Actual	Previous Forecast	Actual	
Net Sales	Billion Yen	2,349.1	2,720.0	1,294.7	697.2	738.1	1,435.3	2,730.0
Ordinary Income (ROS)	Billion Yen [%]	40.5 [1.7%]	150.0 [5.5%]	84.6 [6.5%]	65.6 [9.4%]	34.8 [4.7%]	100.4 [7.0%]	185.0 [6.8%]

Crude Steel (Standalone)	Mt	28.14	Approx. 28.70	14.10	7.23	Approx. 28.60		
Average Sales Prices (Standalone)	000 yen/t	62.8	/	73.8	77.0	77	77	76
Exchange rate	¥/\$	108.8	110	111.2	112.6	111	112	112

35.0 Billion Yen increase in JFE Steel's Ordinary Income (FY17 (Previous Forecast) vs. FY17 (Updated Forecast))



(billion yen)

JFE Steel	FY2017 Previous Forecast	FY2017 Updated Forecast	Change Previous → Updated
Ordinary Income	150.0	185.0	35.0

- Cost reductions ± 0.0
- Volume and Mix ± 0.0
- Sales and Raw materials ± 0.0
- Inventory valuation + 26.0
- Others + 9.0

TOTAL
+35.0

30.8 Billion Yen decrease in JFE Steel's Ordinary Income (FY17 3Q (Actual) vs. FY17 4Q (Forecast))



JFE Steel					FY2017 (F)	(billion yen) Change 3Q →4Q
	1H (A)	2H (F)		2H (F)		
		3Q (A) Oct-Dec	4Q (F) Jan-Mar			
Ordinary Income	84.6	65.6	34.8	100.4	185.0	(30.8)

- Cost reductions + 4.0
- Sales and Raw materials - 23.0
- Inventory valuation + 2.0
- Others - 13.8

TOTAL - 30.8

144.5 Billion Yen increase in JFE Steel's Ordinary Income (FY16 (Actual) vs. FY17 (Forecast))



(billion yen)

JFE Steel	FY2016 Actual	FY2017 Forecast	Change FY16→17
Ordinary Income	40.5	185.0	144.5

- Cost reductions + 45.0
- Volume and Mix + 8.0
- Sales and Raw materials + 110.0
- Inventory valuation + 1.0
- Impact of change in depreciation method + 28.0
- Others - 47.5

• Increase in materials cost including ferro-alloy and refractory
 • Increase in depreciation cost through strengthening the manufacturing base etc.

TOTAL

+ 144.5



JFE Engineering

Financial Forecasts

for Fiscal Year 2017

Financial Forecasts for FY2017 of JFE Engineering



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(billion yen)

	FY2017 (Previous Forecast)		FY2017 (Updated Forecast)		Change	
	2H	Full year	2H	Full year	2H	Full year
Orders	277.8	500.0	277.8	500.0	0.0	0.0
Net Sales	259.8	420.0	239.8	400.0	(20.0)	(20.0)
Ordinary Income	22.5	25.0	16.5	19.0	(6.0)	(6.0)

【Change(Full year)】

- Net Sales: Decrease with time gap of recording sales
- Ordinary Income: Influence of time gap of recording sales of - 2.0 billion yen
Decrease with additional cost for new product of - 2.0 billion yen
Decrease with additional cost for overseas project of - 2.0 billion yen

Financial Forecast for FY2017 of JFE Engineering

(billion yen)

	FY2016(A)		FY2017 (F)		Change	
	2H	Full year	2H	Full year	2H	Full year
Orders	237.5	424.4	277.8	500.0	40.3	75.6
Net Sales	250.8	426.1	239.8	400.0	(11.0)	(26.1)
Ordinary Income	19.0	26.6	16.5	19.0	(2.5)	(7.6)

【Change(Full year)】

- Orders: Increase in Environment and Social Infrastructure category
- Net Sales: Decrease with orders of the previous year in Energy category
Decrease with time gap of recording sales
- Ordinary Income: Decrease with additional cost for new product and overseas project
of - 4.0 billion yen
Influence of decrease of net sales in Energy category of - 3.6 billion yen

Classification of placed orders



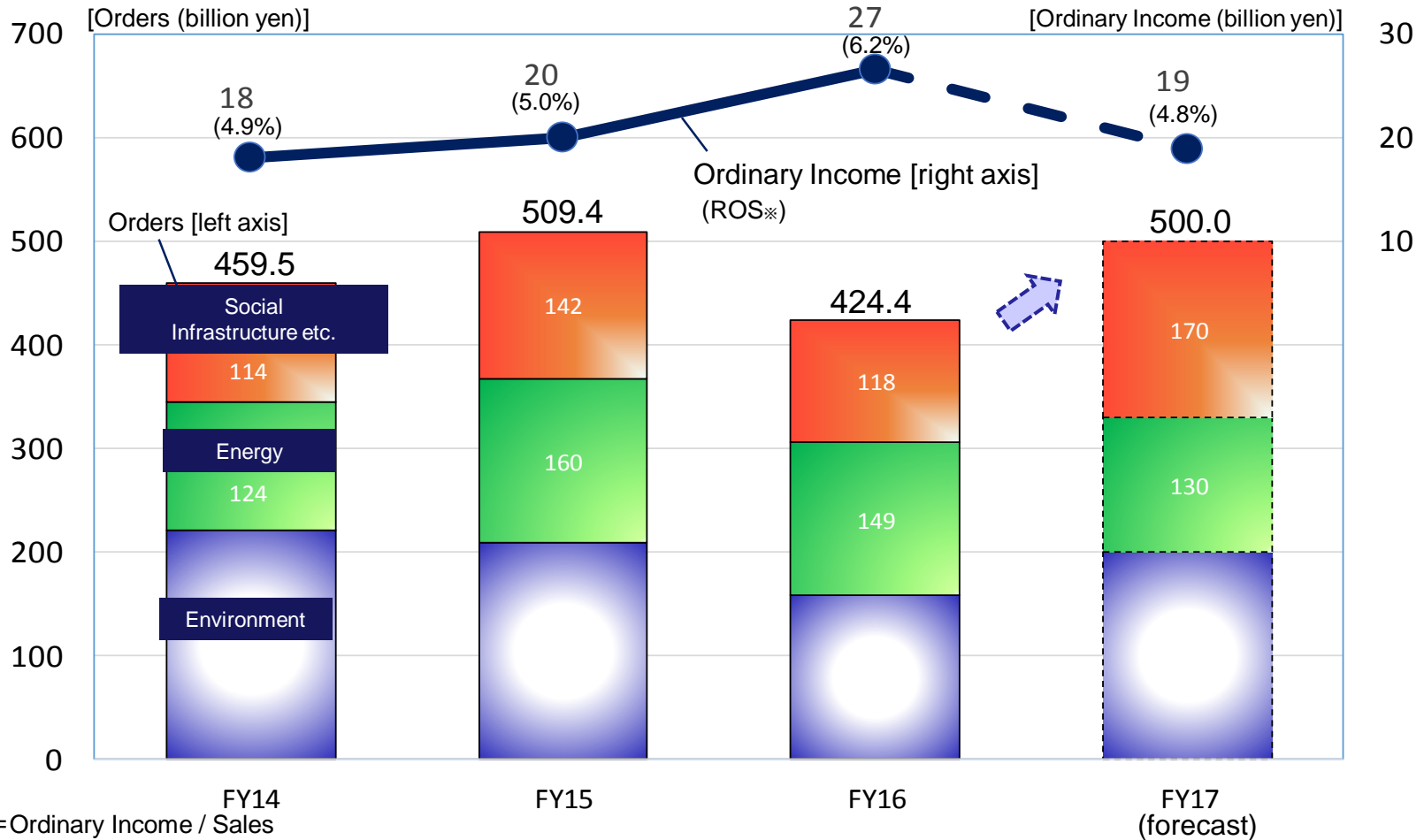
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(billion yen)

Category	FY2016 (A)	FY2017 (F)	Change	Main Orders (FY2017)
Environment	157.4	200.0	42.6	<ul style="list-style-type: none"> - Construction of the waste to energy plant in Meguro-Ward - Construction of the waste to energy plant in Lithuania - Improvement works of the waste incineration plants (4 places) - Startup of Composite Biomass Power PFI Project in Toyohashi-City
Energy	148.9	130.0	(18.9)	<ul style="list-style-type: none"> - Construction of the high-tension long distance pipeline
Social Infrastructure etc.	118.1	170.0	51.9	<ul style="list-style-type: none"> - Construction of the bridges in Iwate-Pref. and Hamamatsu-City - Construction of the bridges in Sri Lanka - Foundation work for installing the security facility at the runway in Haneda-Airport - Reconstruction of the container cranes in Oi-Terminal and Sakata-Port - Expansion work of the chemical plant in Singapore - Install of Ballast water management system, "Ballast Ace", for 195 ships
Total	424.4	500.0	75.6	

Trend of Orders and Ordinary Income of JFE Engineering

- Ordinary Income in FY17 is forecast to decrease with one-off items including time gap of recording sales and additional cost for overseas project, in addition to decrease with decrease in orders of the previous year.
- Ordinary Income in FY18 is forecast to recover due to orders recovery and disappearance of one-off items.





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JFE Shoji

Financial Forecasts for Fiscal Year 2017

Financial Forecasts for FY2017 of JFE Shoji



(billion yen)

	FY2017 (Previous Forecast)		FY2017 (Updated Forecast)		Change	
	2H	Full year	2H	Full year	2H	Full year
Net Sales	913.8	1,830.0	983.8	1,900.0	70.0	70.0
Ordinary Income	12.8	29.0	15.8	32.0	3.0	3.0

【Ordinary Income Change(Full year)】

- Increase with improvement in profitability of foreign subsidiaries and sales price increase

Financial Forecasts for FY2017 of JFE Shoji

(billion yen)

	FY2016 (A)		FY2017 (F)		Change	
	2H	Full year	2H	Full year	2H	Full year
Net Sales	895.2	1,671.0	983.8	1,900.0	88.6	229.0
Ordinary Income	14.2	21.8	15.8	32.0	1.6	10.2

【Ordinary Income Change(Full year)】

• Increase with improvement in profitability of foreign subsidiaries including Kelly Pipe and sales price increase

Net Sales of JFE Shoji (by Segment)

(billion yen)

		FY2016 (A)		FY2017 (F)		Change	
Domestic Business		880.5		965.0		84.5	
Overseas Business	Export	383.4	638.3	469.0	772.0	85.6	133.7
	Foreign Operation	254.9		303.0		48.1	
Raw Materials, Equipment etc.		152.2		163.0		10.8	
TOTAL		1,671.0		1,900.0		229.0	



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JFE Holdings

Financial Forecasts

for Fiscal Year 2017

Financial Forecasts for Fiscal Year 2017



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(billion yen)

	FY2016 (A) Full year	FY2017 (F)			Change Full year
		Apr-Dec	Jan-Mar	Full year	
Net Sales	3,308.9	2,670.8	999.2	3,670.0	361.1
Operating Income	96.7	172.3	57.8	230.0	133.3
Non-operating Income (Expenses)	(12.0)	(1.8)	(8.2)	(10.0)	2.0
Ordinary Income	84.7	170.4	49.7	220.0	135.3
Extraordinary Profit (Loss)	20.7	22.1	(7.1)	15.0	(5.7)
Profit before Income Taxes	105.4	192.6	42.5	235.0	129.6
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(37.5)	(53.9)	(21.1)	(75.0)	(37.5)
Profit Attributable to Owners of Parent	67.9	138.6	21.5	160.0	92.1
ROS(*)	2.6%	6.4%	5.0%	6.0%	3.4%

*Return on Sales: Ordinary Income / Net Sales

Underlying Profit before One-off Effects

(billion yen)

	FY15 Actual	FY16 Actual	FY17		Forecast
			1H Actual	2H Forecast	
Net Sales	3,431.7	3,308.9	1,725.3	1,944.7	3,670.0
Ordinary Income	64.2	84.7	101.4	118.6	220.0
ROS(*)	1.9%	2.6%	5.9%	6.1%	6.0%
One-off Effects	(78.0)	28.0	9.0	20.0	29.0
Underlying Profit before One-off Effects	142.2	56.7	92.4	98.6	191.0
ROS(*)	4.1%	1.7%	5.4%	5.1%	5.2%

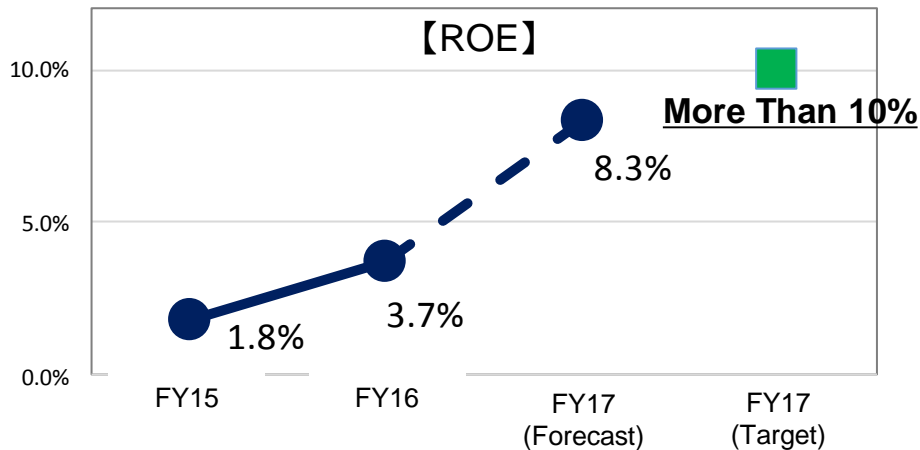
*Return on Sales: Ordinary Income / Net Sales



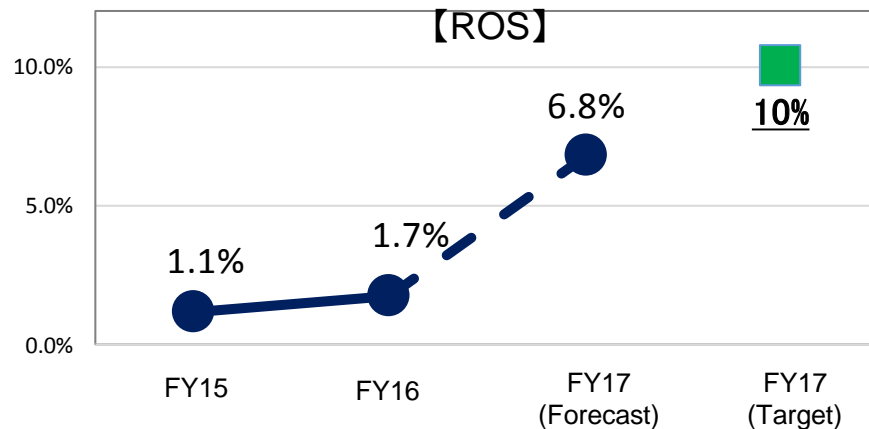
Trend of Main Indices ①

(Comparison with the Target of Fifth Medium-Term Business Plan)

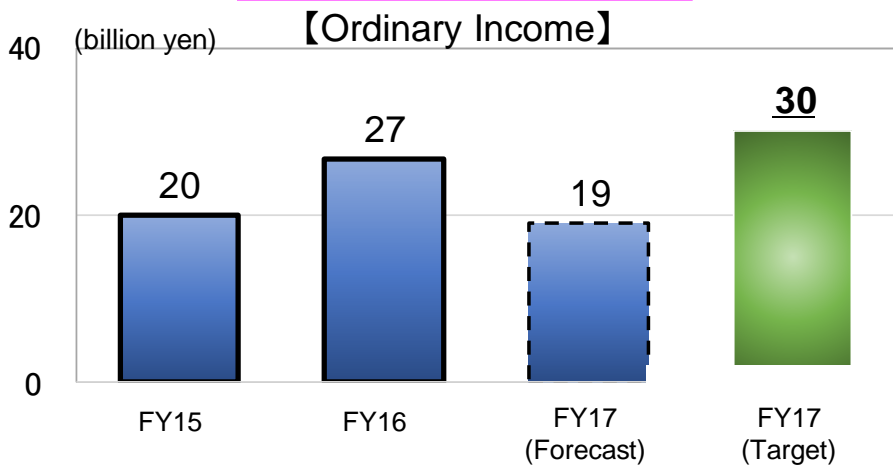
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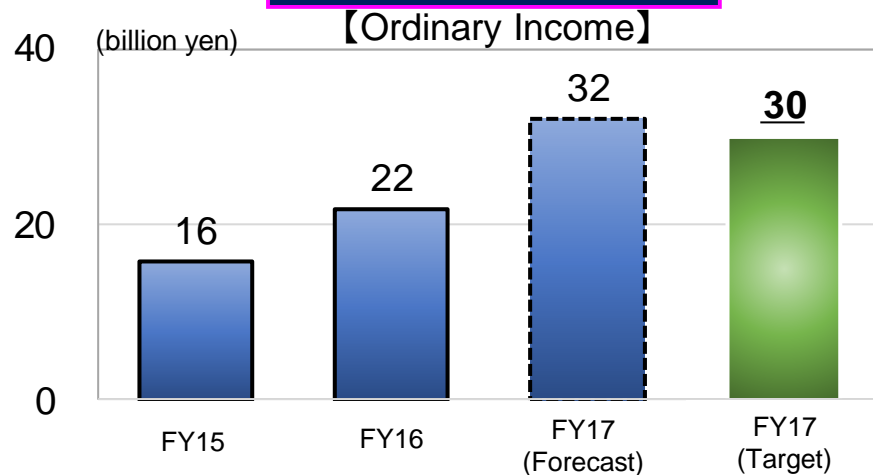
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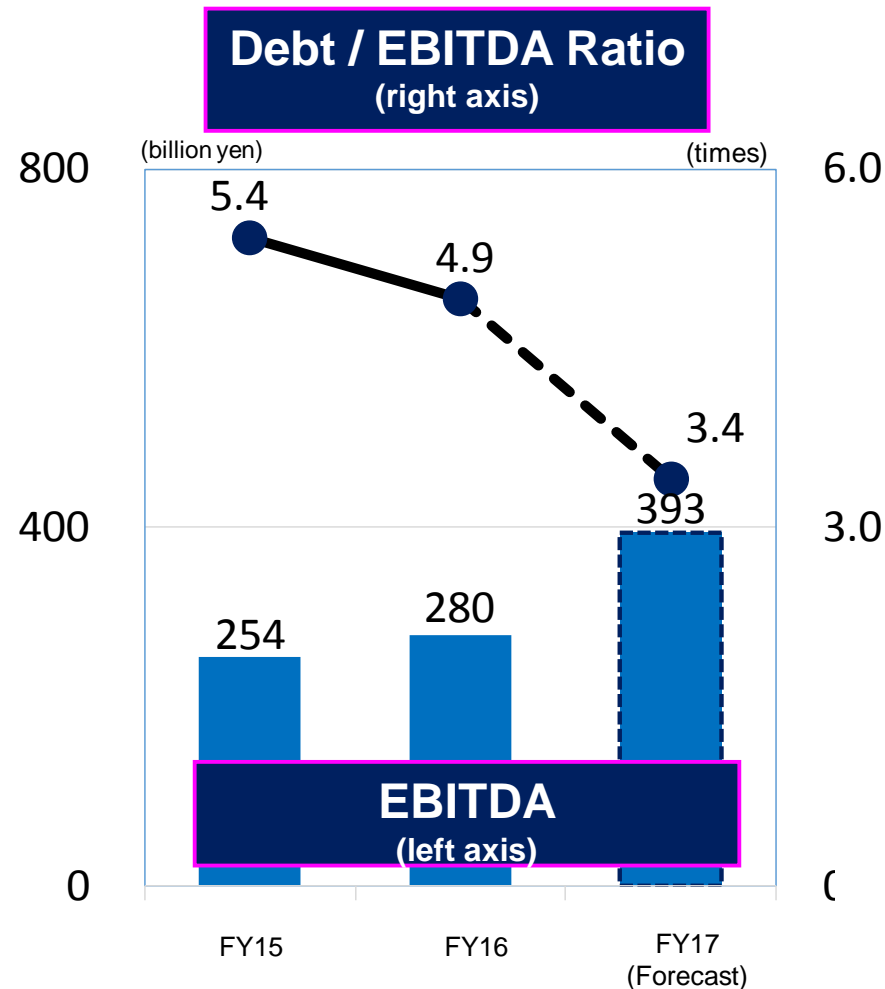
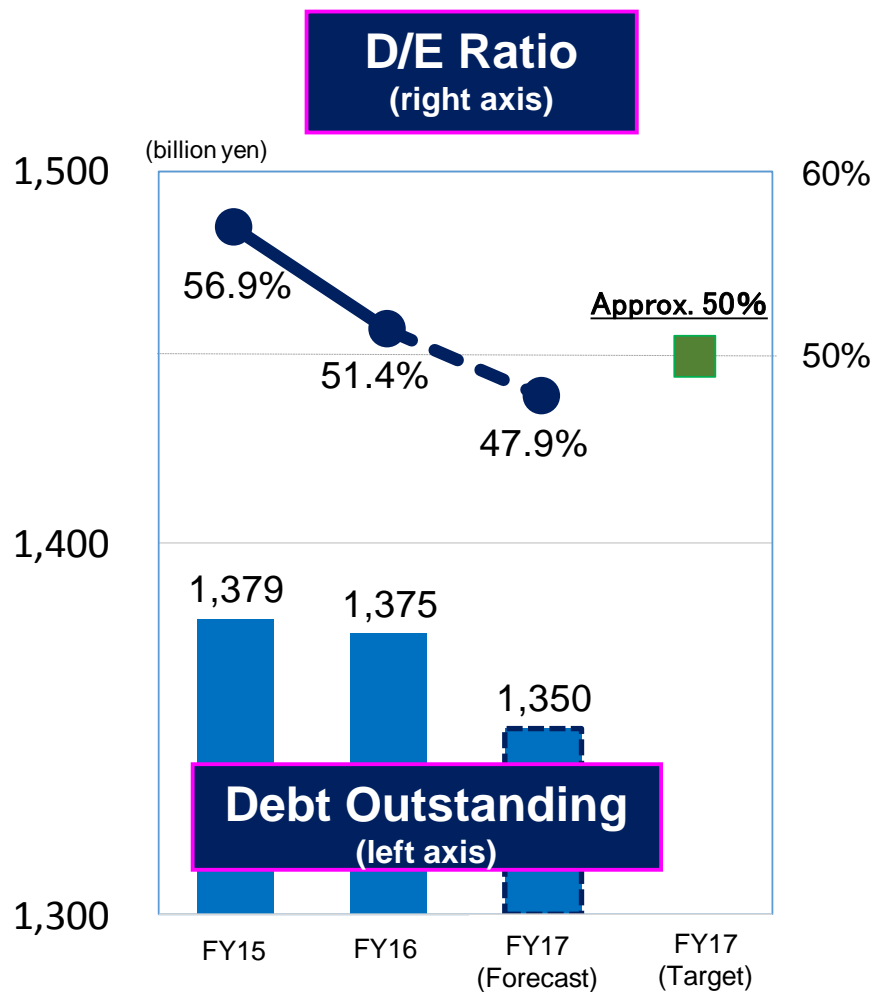
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Trend of Main Indices ②

(Comparison with the Target of Fifth Medium-Term Business Plan)



■ D/E ratio = Debt outstanding / Shareholders' equity.
Debt having a capital component is deemed to be capital, as assessed by rating agencies.

■ EBITDA = Ordinary income + Interest expense + Depreciation and Amortization

Cash Flow Forecasts of FY2017

(billion yen)

Source		Usage	
Net Income	160	Dividends	35
		Working Capital etc.	60
		Capex, Investments	270
Depreciation	160		
Asset Sales	70	Repayment of Debt	25
	390		390

Dividends

Dividends

- JFE Holdings has decided to propose at its general meeting of shareholders a yearend dividend of 50 yen per share, which would bring the annual dividend to 80 yen per share.

Appendix



Main Financial Data

JFE

(Forecast)

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17
(bn. Yen)												
Ordinary Income	218.3	502.9	400.5	69.2	165.8	52.9	52.2	173.6	231.0	64.2	84.7	220.0
EBITDA ※1	432.3	741.4	670.8	337.1	428.9	306.3	260.6	368.9	421.5	254.4	279.9	393.0
ROS ※2	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	6.0%	1.9%	2.6%	6.0%
ROE ※3	15.9%	17.5%	13.7%	3.3%	4.1%	-2.6%	2.7%	6.3%	7.7%	1.8%	3.7%	8.3%
ROA ※4	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.5%	1.7%	2.3%	5.3%
Debt Outstanding	1,837	1,281	1,768	1,468	1,496	1,593	1,596	1,534	1,501	1,379	1,375	1,350
D/E Ratio ※5	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	59.0%	56.9%	51.4%	47.9%
Profit attributable to owners of parent (yen/share)	185.8	450.5	355.6	86.3	110.7	-68.7	71.2	177.4	241.6	58.4	117.8	277.5
Dividend (yen/share)	30	120	90	20	35	20	20	40	60	30	30	80
Pay-out Ratio	16.1%	26.6%	25.3%	23.2%	31.6%	—	28.1%	22.5%	24.8%	51.4%	25.5%	28.8%

※1 EBITDA = Ordinary income + Interest expense + Depreciation and Amortization

※2 ROS = Ordinary income / Net sales

※3 ROE = Profit attributable to owners of parent / Shareholders' equity

※4 ROA = Ordinary income before interest expense / Total assets (average),

※5 D/E ratio = Debt outstanding / Shareholders' equity. Debt having a capital component is deemed to be capital, as assessed by rating agencies.

*Debt having a capital component (subordinated borrowings)

Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
March 18, 2013	300.0 billion yen	75%	225.0 billion yen
June 30, 2016	200.0 billion yen	25%	50.0 billion yen

【Appendix】Fifth Medium-Term (FY15-17)
Dividend (yen/share) average
: 30.9%

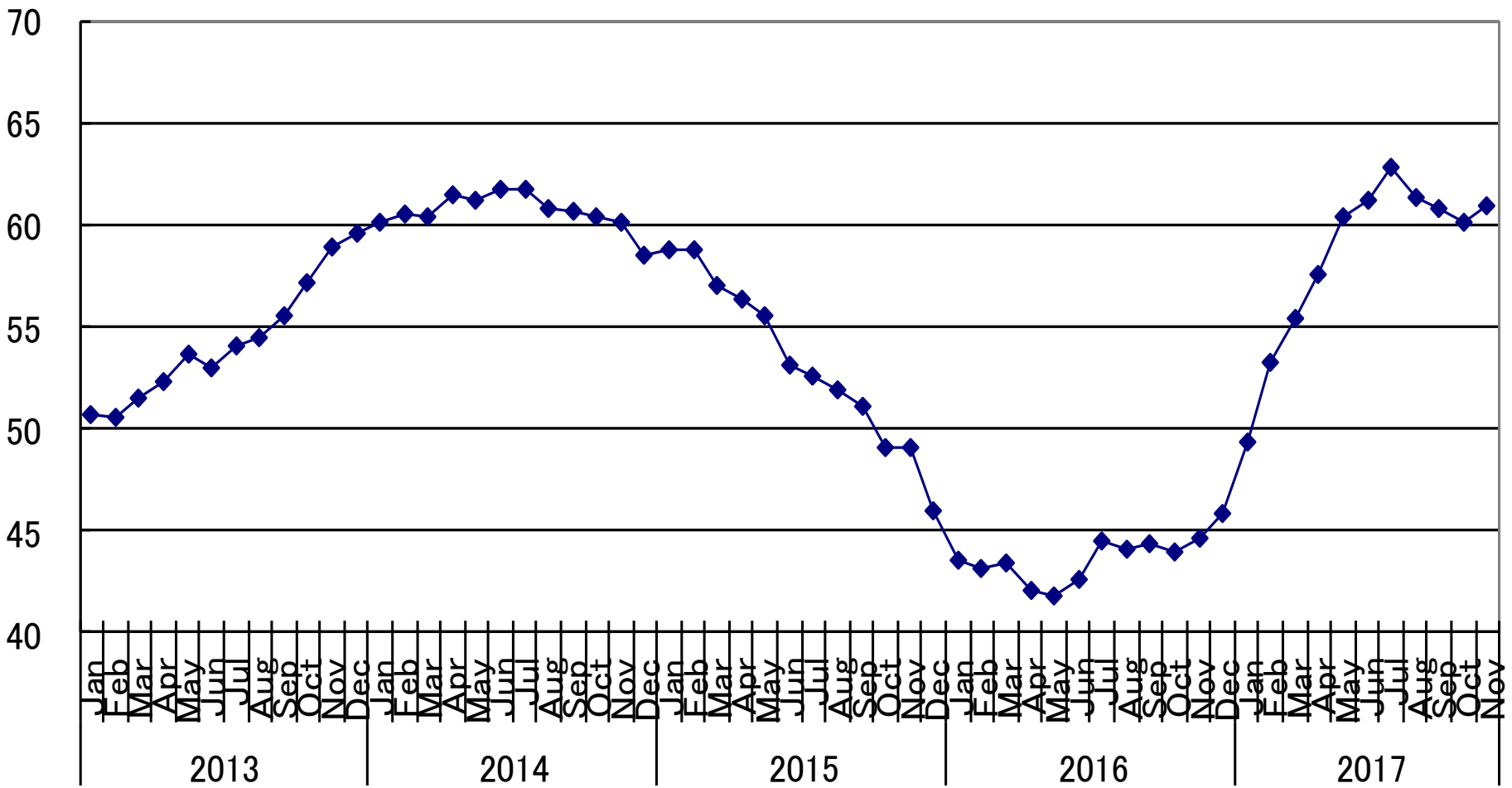


JFE

Domestic Market Environment

Price Trend of Import Steel

(000 yen/ton)



Data: Japanese Steel Association

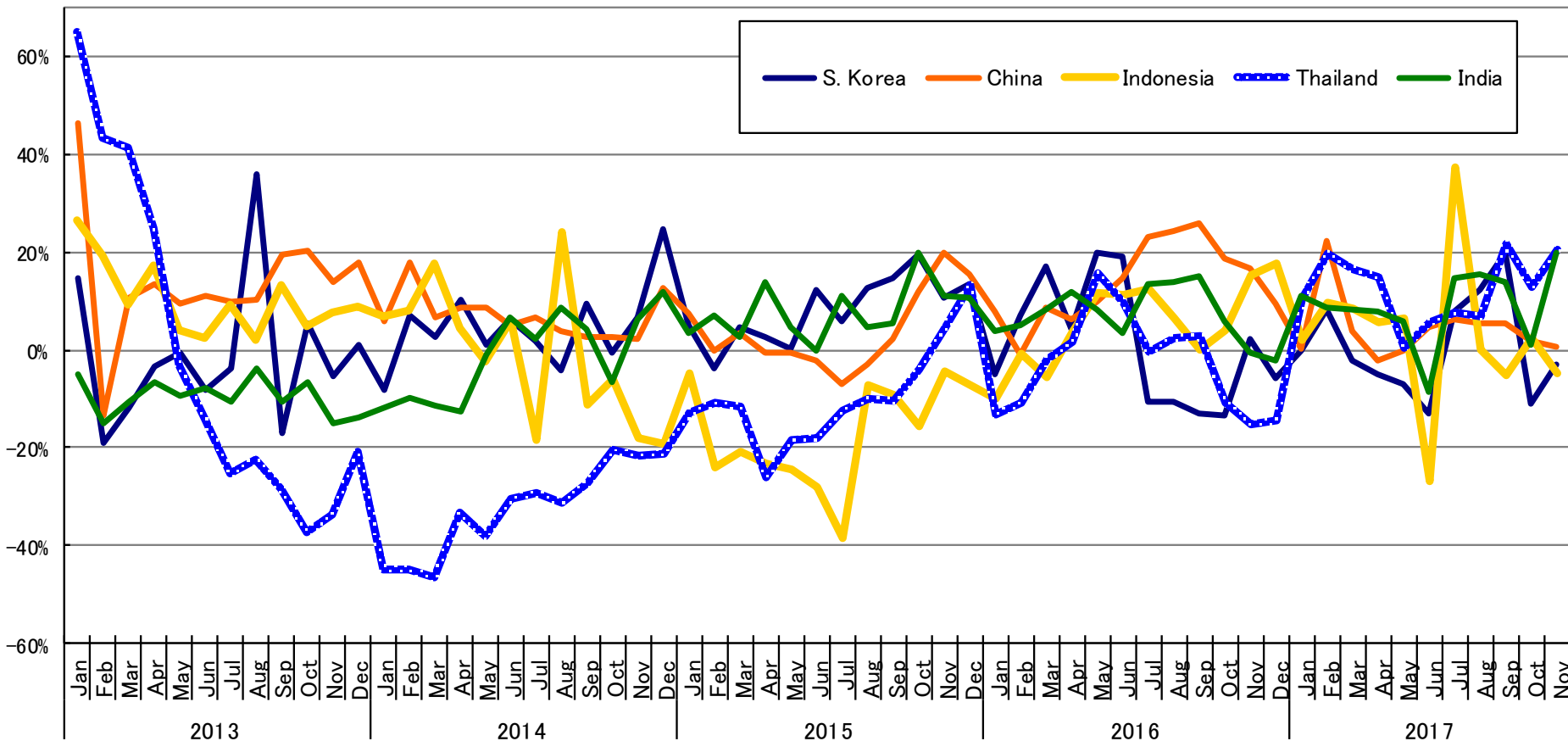
Import Steel from S. Korea



Overseas
Market Environment

Auto Sales in Key Countries

Automobile Sales in Key Countries (YoY Change)

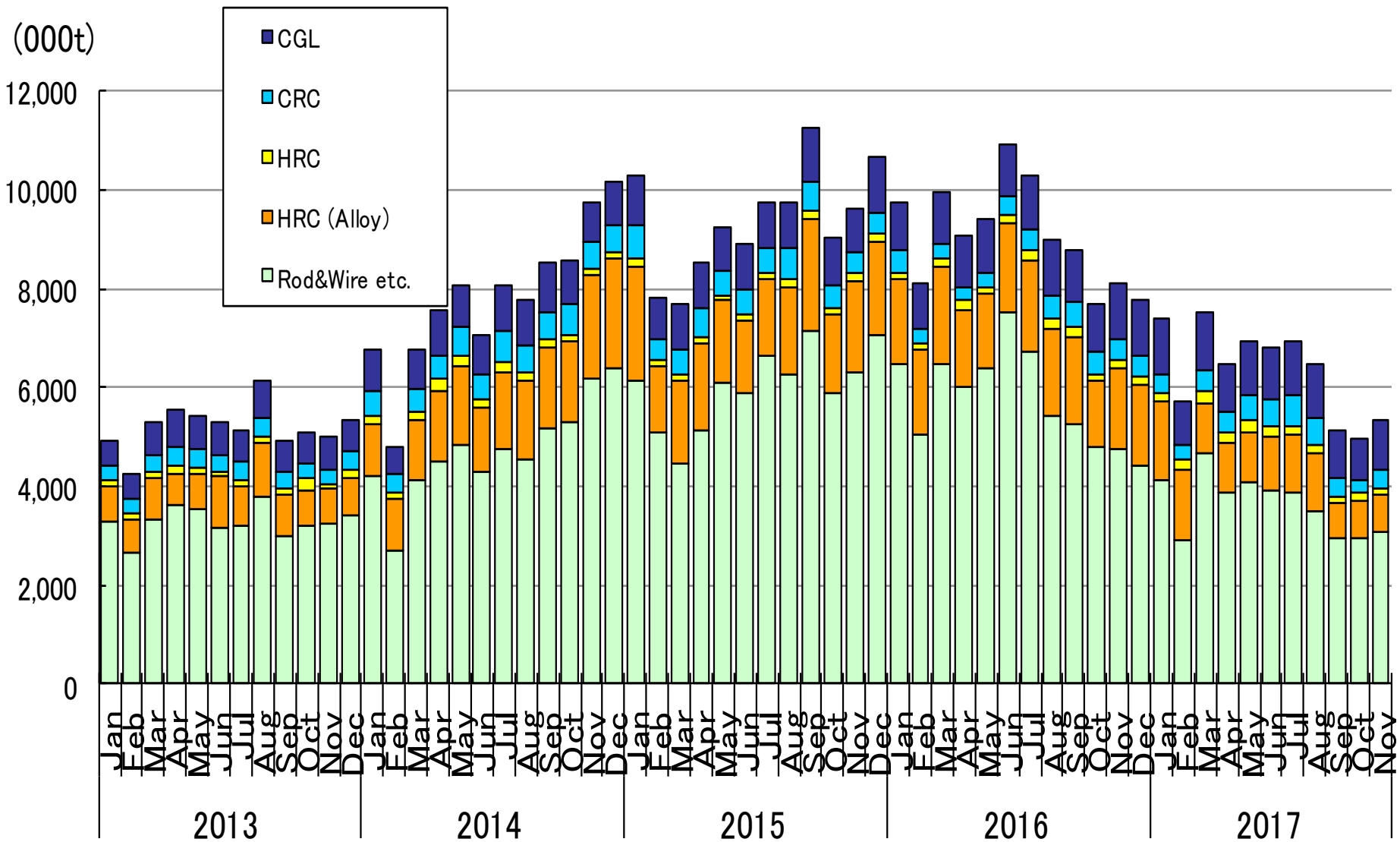




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Overseas Market Environment

Exports from China by Products



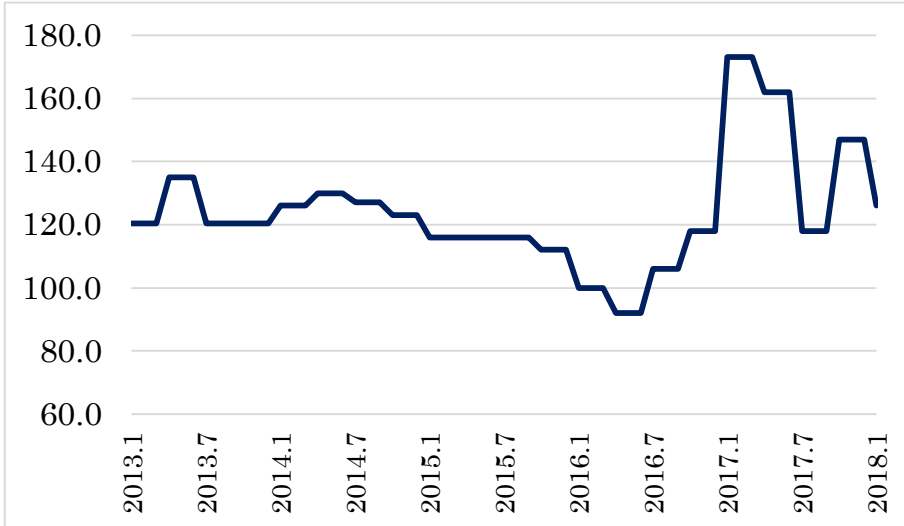


Raw Materials

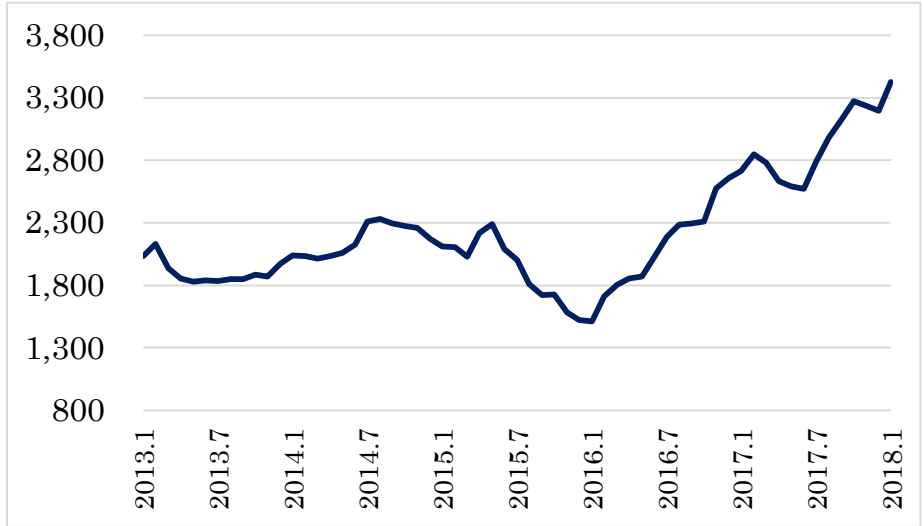
Trend of Metals' Market Price

JFE

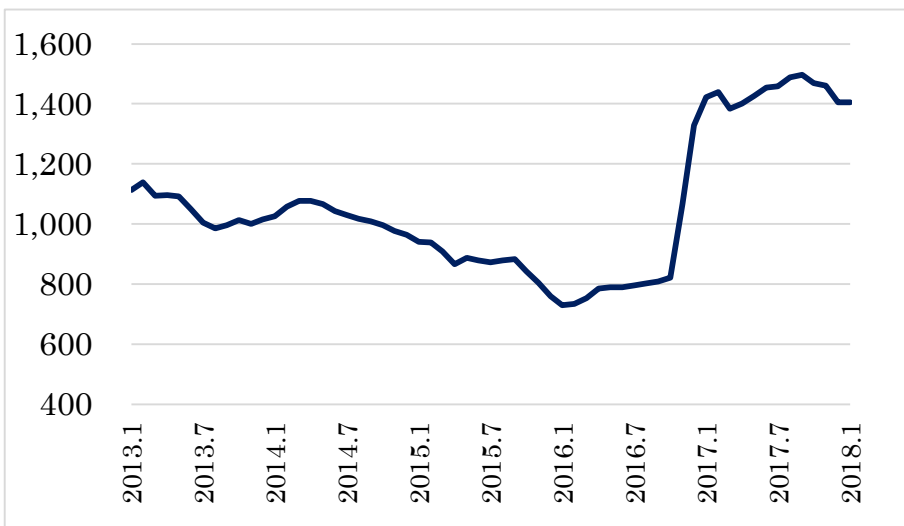
(¢/lb) FeCr



(U\$/t) Zn



(U\$/t) FeMn



(U\$/lb) Mo



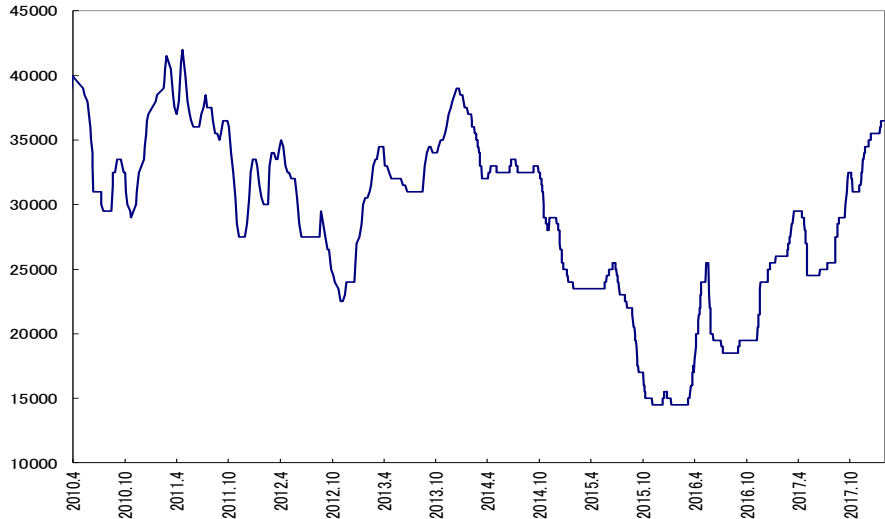


Raw Materials

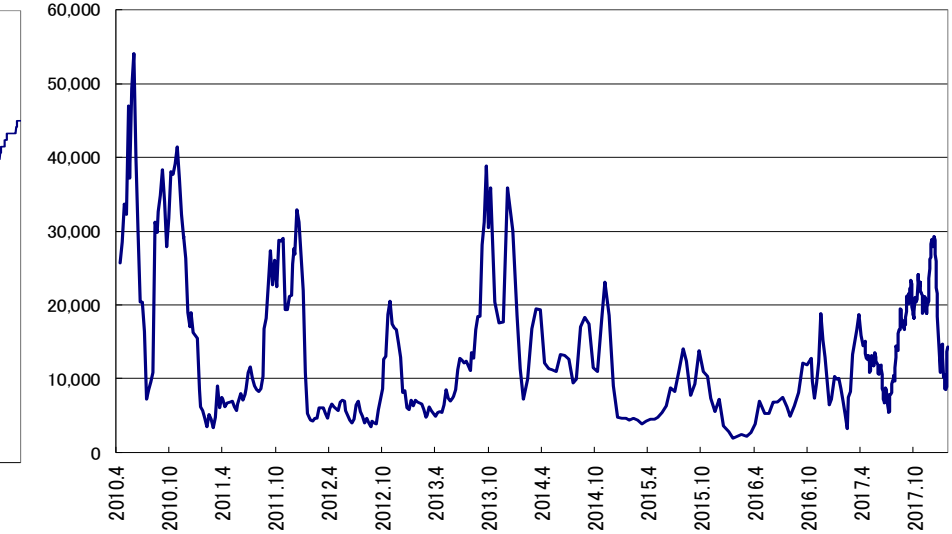
Trend of Market Price

JFE

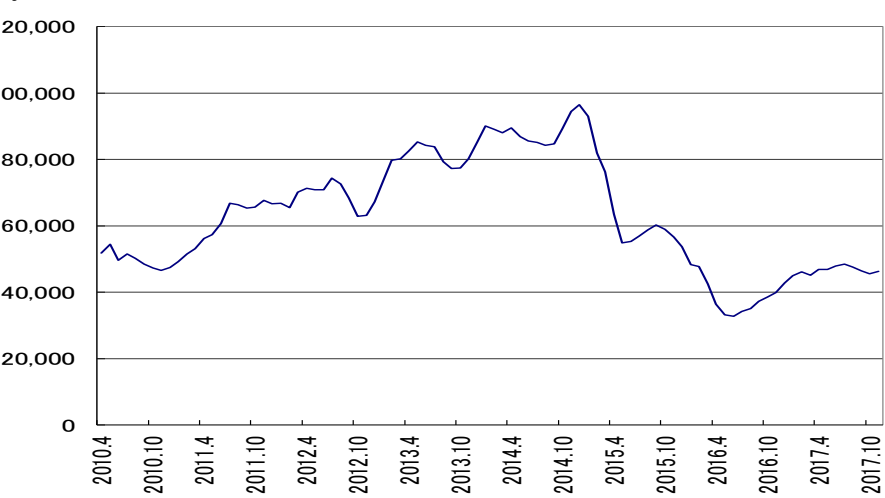
(yen/t) Scrap



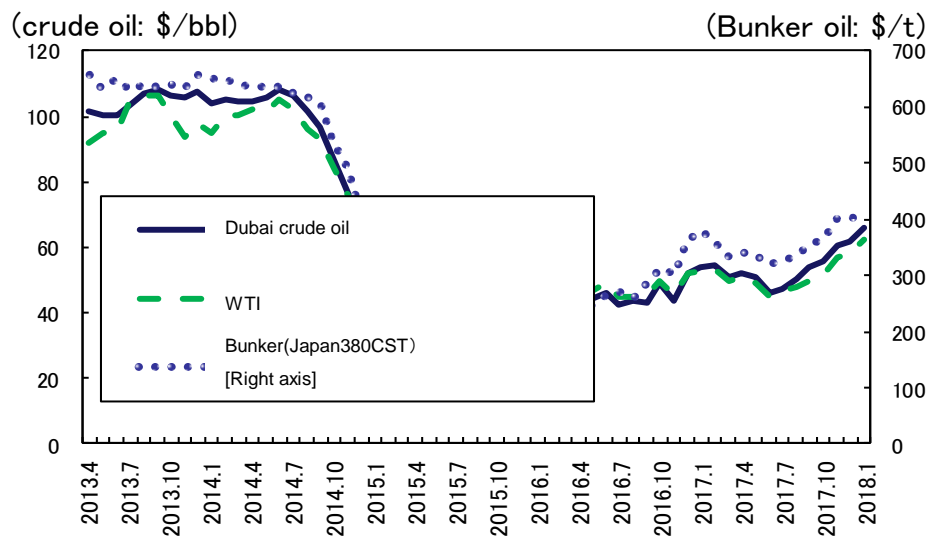
(\$/day) Spot Bulker



(yen/t) LNG Price



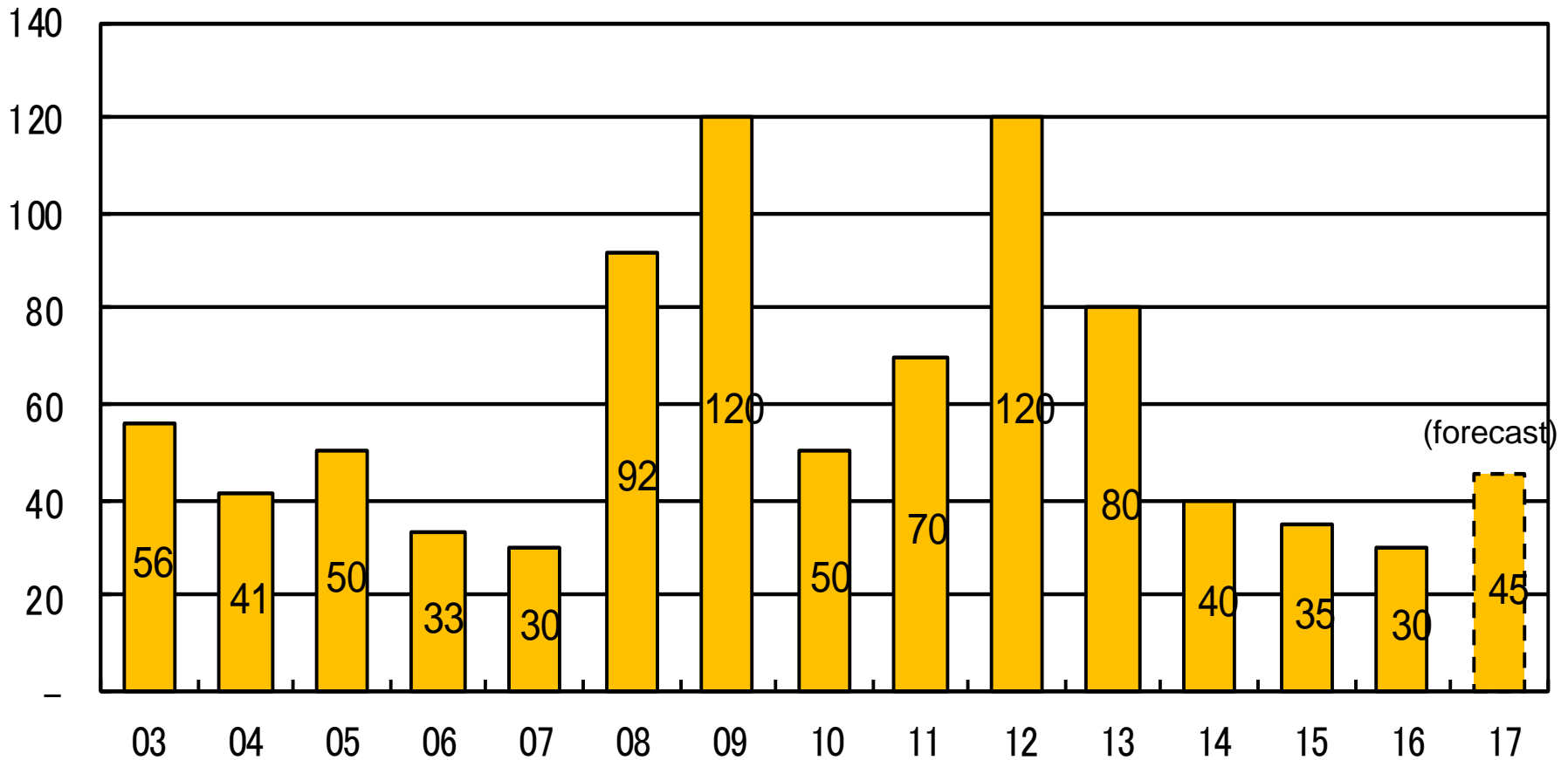
Oil



Cost Reductions (Steel Business)

JFE

(billion yen)

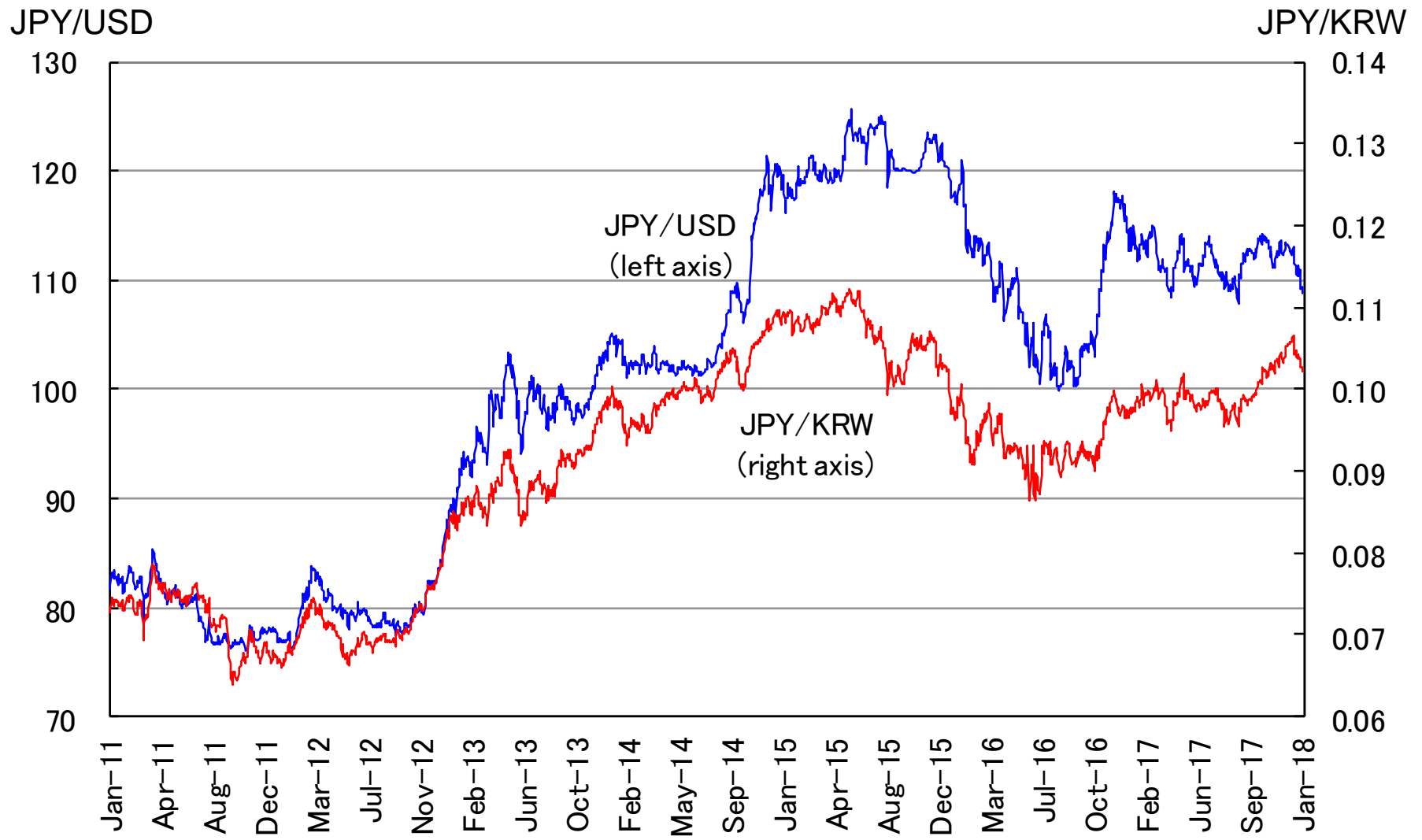


JFE Steel (non-consolidated basis)



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Trend of exchange rate (against USD,KRW)



15.8 Billion Yen increase in JFE Steel's Ordinary Income (FY17 1H (Actual) vs. FY17 2H (Forecast))

(billion yen)

JFE Steel	FY2017 (F)		Change 1H→2H
	1H (A)	2H (F)	
Ordinary Income	84.6	100.4	185.0

- Cost reductions + 10.0
- Volume and Mix + 9.0
- Sales and Raw materials + 15.0
- Inventory valuation + 11.0
- Others - 29.2 ⇒

• Increase in depreciation cost through strengthening the manufacturing base
 • Increase in materials cost including ferro-alloy and refractory
 • Decrease in dividends received etc.

TOTAL + 15.8

Progress of Fifth Medium-Term Business Plan



Progress of Strengthening Domestic Manufacturing Base

Decided to carry out CAPEX of Renewal of Coke Oven at Fukuyama and New Continuous Casting Machine at Kurashiki ahead of the next medium-term business plan due to facility's highly strategic importance

<Progress of main items>

Fifth Medium-Term

→ finished → scheduled

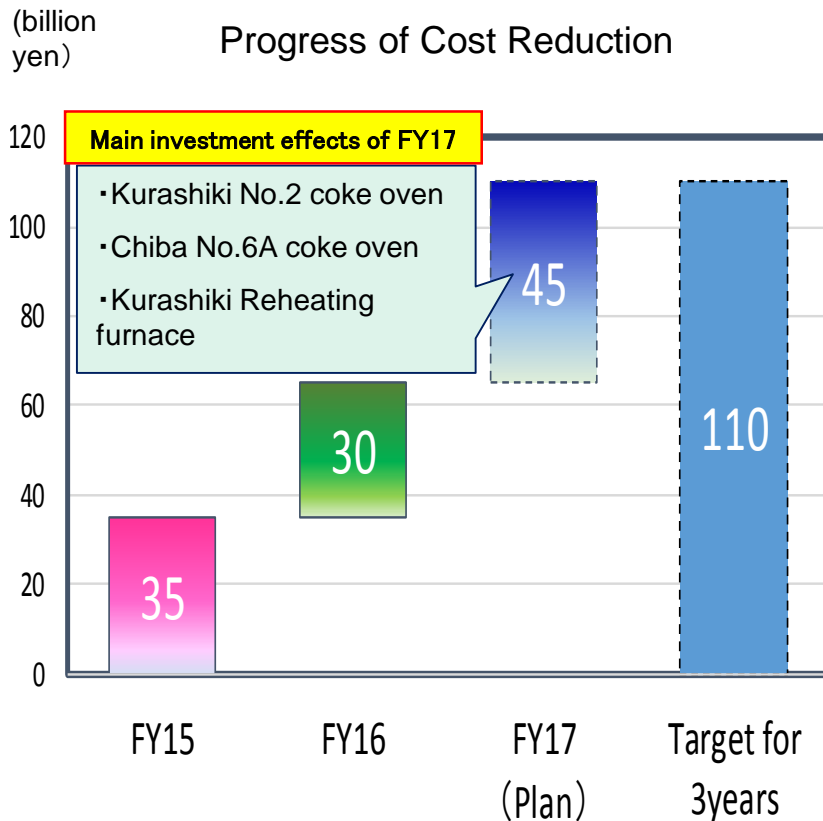
Process	Area	Facility	FY15	FY16	FY17	FY18~
Upper Stream	Kurashiki	No.2 Coke oven No.3 Coke oven	→	→		To be self-sufficient in West and East Japan works
	Chiba	No.6 Coke oven •6A •6B	→ 1H FY2018 (scheduled)	→		
	Fukuyama	No.3 Coke oven •3A •3B			Ensuring continued competitiveness and growth 2H FY2019 (scheduled) 2H FY2021 (scheduled)	→
	Fukuyama	No.3 Sintering plant		FY2019 (scheduled)	→	Enhancing the sintering plant capacity
	Kurashiki	Continuous Casting Machine			2H FY2020 (scheduled)	→
Hot Strip Mill	Kurashiki	No.5 Reheating furnace		→		Improved production capacity
Energy	Chiba	No.4 West Power plant	→			Enhanced energy-saving through using high efficiency generating system
	Keihin	No.1 Ogishima Thermal power plant		2H FY2019 (scheduled)	→	→
System		Renovation of the core system of steel works	FY2018 (scheduled)	→		

[Establishment of new continuous casting machine (for slab) in West Japan works of Kurashiki area]

- To enhance the production capacity of crude steel through utilizing unused capacity of blast furnace (200Mt / Year)
- To pursue higher efficiency and higher quality through the advanced technology

Progress of Cost Reduction

Achieve 110billion yen cost reduction for 3 years as planned



Main items of investment effects

Renovation of coke ovens

- Improve self-sufficiency rate of coke used
- Reduce energy cost by increasing by-product gas recovered

Kurashiki No.5 reheating furnace

- Improve production volume of Hot strip mill (400⇒500 thousand ton/month in Kurashiki)
- Improve product mix
- Improve energy efficiency +10%-20%

Renewal of power plant

- Enhance energy-saving through using high efficiency generating system

[New Fukuyama No.3 sintering plant] To be operational in FY2019 (scheduled) announced on march 30, 2017

- ◆ Cost reduction by enhancing the sintering plant capacity (more than +30% production volume as compared with before in Fukuyama)
 - To reduce pellet purchasing from outside
 - To reduce coke used through stable operation of blast furnace by expanding use of sinter



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Progress of Overseas Business

-Strengthen business in prioritized field especially in auto sector
 -Pursue growth investment from a middle- & long-term perspective

Prioritized Business Field	Asia			NAFTA	MENA
	China	Southeast Asia	Southwest Asia		
Automobiles Adopt for global procurement	•GJSS (CGL) •JJP (automotive pipe) •BJCMX (Iron powder)	•JSJT (Thailand CGL) •JSGI (Indonesia CGL)	•JSW (India)	•NJSM (Mexico CGL) •AK Steel (USA)	•Held ground-breaking ceremony in June 2017 •To start operation in 2019
Energy Localization in demand region	•BHNK	•JFE-TC (Singapore)	JV with "Baowu Steel" To start operation in 2018	•CSI (USA) •Benoit (USA)	•AL GHARBIA (UAE Linepipe)
Infrastructure Target in growing Asia	To start operation in 2020	(Vietnam) •J-Spiral (Steel pipe pile) •A&J (Building material processing) •GECOSS VN (Lease of steel for temporary works)	(Myanmar) •JFE Meranti (flat steel for building and construction)	To start operation in 2018	•Kandil (Egypt CRM CGL)
Overseas BF Aiming JFE Brand 40 million tons	No.1 blast furnace started operation in May 2017	•Formosa Ha Tinh Steel (FHS)			

Prioritized region of the fifth medium-term



JFE