



JFE

JFE Group

***Financial Results in First Quarter of
Fiscal Year 2018 ending March 31, 2019***

JFE Holdings, Inc.

July 31, 2018

A table of contents

- JFE Holdings' Financial Results in First Quarter of Fiscal Year 2018 (April 1 to June 30, 2018) and Financial Forecasts for Fiscal Year 2018 (April 1, 2018 to March 31, 2019)
 - JFE Steel
 - JFE Engineering
 - JFE Shoji

- 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 in First Quarter
of Fiscal Year 2018
(April 1 to June 30, 2018)**



Financial Results in First Quarter of Fiscal Year 2018

(billion yen)

	FY2017 1Q (Apr-Jun)	FY2018 1Q (Apr-Jun)	Change
Net Sales	846.8	936.3	89.5
Operating Income (Loss)	49.8	59.3	9.5
Non-operating Income (Expenses)	6.3	20.2	13.9
Ordinary Income (Loss)	56.2	79.5	23.3
Extraordinary Profit	21.4	—	(21.4)
Profit (Loss) before Income Taxes	77.7	79.5	1.8
Tax Expense and Profit Attributable to Non-controlling Interests	(20.5)	(18.1)	2.4
Profit (Loss) Attributable to Owners of Parent	57.1	61.4	4.3

Financial Results in First Quarter of Fiscal Year 2018 (by Segment)

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(billion yen)

	FY2017 1Q (Apr-Jun)	FY2018 1Q (Apr-Jun)	Change
Steel Business	636.4	685.9	49.5
Engineering Business	72.3	86.8	14.5
Trading Business	465.1	512.1	47.0
Adjustments	(327.0)	(348.4)	(21.4)
Net Sales	846.8	936.3	89.5
Steel Business	48.6	64.4	15.8
Engineering Business	0.4	1.6	1.2
Trading Business	8.3	10.1	1.8
Adjustments	(1.1)	3.3	4.4
Ordinary Income (Loss)	56.2	79.5	23.3

**Forecasts of Consolidated Financial
Results in Fiscal Year 2018
(April 1, 2018 to March 31, 2019)**



Financial Forecasts for Fiscal Year 2018

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(billion yen)

	FY2017(A)		FY2018(F)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	1,725.3	3,678.6	2,020.0		294.7	
Operating Income	96.5	246.6	117.0		20.5	
Non-operating Income (Expenses)	4.9	(30.3)	18.0		13.1	
Ordinary Income (Loss)	101.4	216.3	135.0	260.0	33.6	43.7
Extraordinary Profit (Loss)	19.3	(2.9)	—	—	(19.3)	2.9
Profit (Loss) before Income Taxes and Minority Interests	120.7	213.3	135.0	260.0	14.3	46.7
Tax Expense and Profit Attributable to Non-controlling Interests	(33.7)	(68.7)	(40.0)	(80.0)	(6.3)	(11.3)
Profit (Loss) Attributable to Owners of Parent	87.0	144.6	95.0	180.0	8.0	35.4

Previous Forecast (Apr.26, 2018) Ordinary Income of Full year: 220.0



Financial Forecasts for Fiscal Year 2018 (by Segment)

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(billion yen)

	FY2017(A)		FY2018(F)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Steel Business	1,294.7	2,715.4	1,450.0		155.3	
Engineering Business	160.2	391.3	190.0		29.8	
Trading Business	916.2	1,907.9	1,050.0		133.8	
Adjustments	(645.9)	(1,336.1)	(670.0)		(24.1)	
Net Sales	1,725.3	3,678.6	2,020.0		294.7	
Steel Business	84.6	198.8	110.0	200.0	25.4	1.2
Engineering Business	2.5	19.3	5.0	25.0	2.5	5.7
Trading Business	16.2	33.0	18.5	35.0	2.3	2.0
Adjustments	(2.0)	(34.9)	1.5	0.0	3.5	34.9
Ordinary Income (Loss)	101.4	216.3	135.0	260.0	33.6	43.7



JFE Steel


Financial Results in First Quarter of Fiscal Year 2018



Production and Shipment

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	Unit	FY2017					FY2018 1Q
		1Q	2Q	3Q	4Q		
Crude Steel (Standalone)	Mt	7.12	6.98	7.23	7.14	28.46	7.10
Crude Steel (Consolidated)	Mt	7.53	7.38	7.63	7.52	30.06	75.1
Shipment (Standalone)	Mt	6.14	6.28	6.38	6.50	25.30	61.3
Export Ratio (Standalone)	%	42.1	44.2	45.1	45.9	44.4	42.4
Average Sales Prices (Standalone)	000 yen/t	74.4	73.3	77.0	76.5	75.3	79.3
Exchange rate	¥/\$	111.5	110.9	112.6	109.7	111.2	108.1
Exchange rate (End of Term)	¥/\$	112.0	112.7	113.0	106.2	106.2	110.5



15.8 billion Yen increase in JFE Steel's Ordinary Income (FY17 1Q vs. FY18 1Q)

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(billion yen)

JFE Steel	FY17 1Q	FY17 2Q	FY17 3Q	FY17 4Q	FY18 1Q	Change 1Q→1Q
Ordinary Income	48.6	36.0	65.6	48.6	64.4	15.8

- Cost reductions + 9.0
- Volume and Mix ± 0.0
- Sales and Raw materials + 35.0
- Inventory valuation - 4.0
- Others - 24.2



• Increase in materials cost including ferro-alloy and refractory
• Increase in depreciation cost etc.

TOTAL + 15.8



JFE Steel

Financial Forecasts for Fiscal Year 2018



Current Business Environment (Domestic)

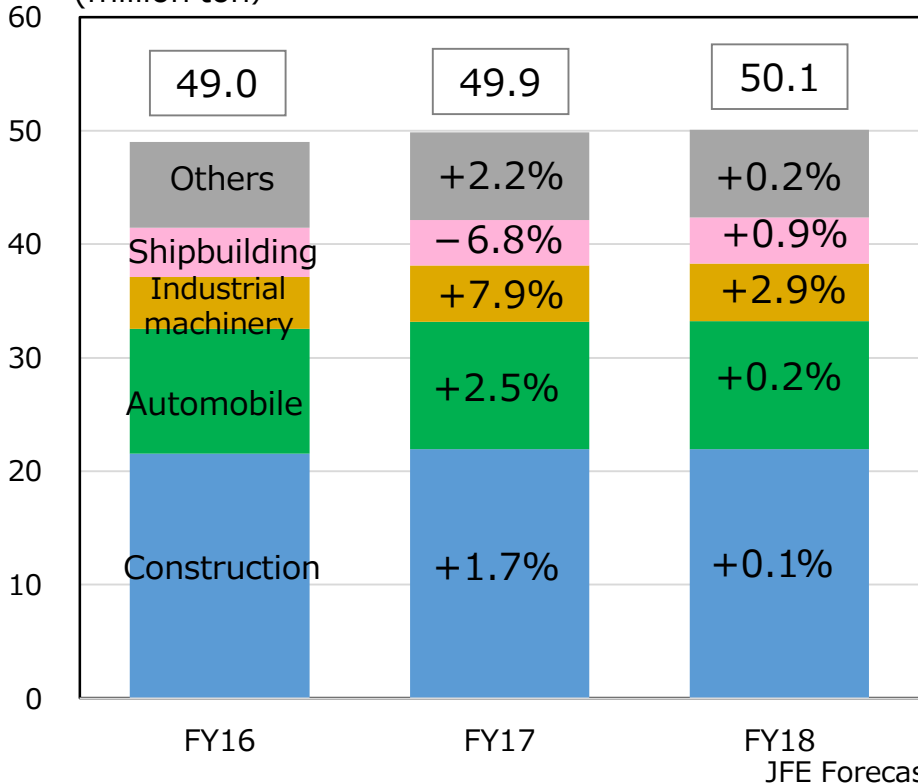
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- Domestic ordinary steel consumption in FY18 is forecast to **slightly increase** from FY17.
- Demand for construction sector and automobile sector is forecast to remain robust from previous year and **demand for industry machinery sector is forecast to increase with strong overseas demand.**

【Outlook for Domestic Ordinary Steel Consumption】

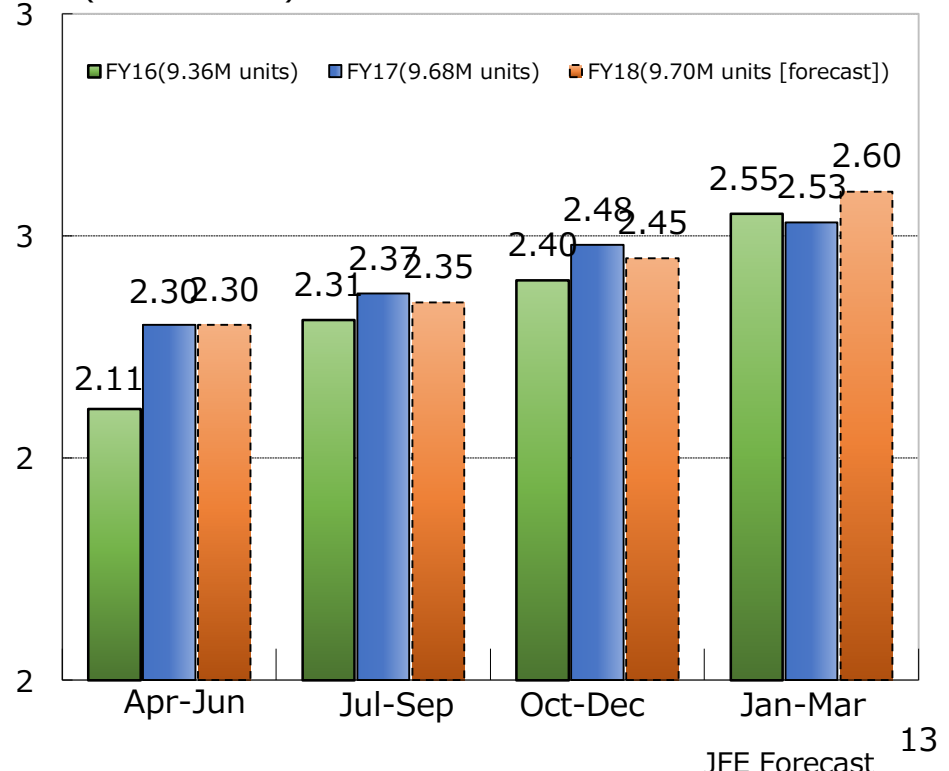
Year-on-year change

(million ton)



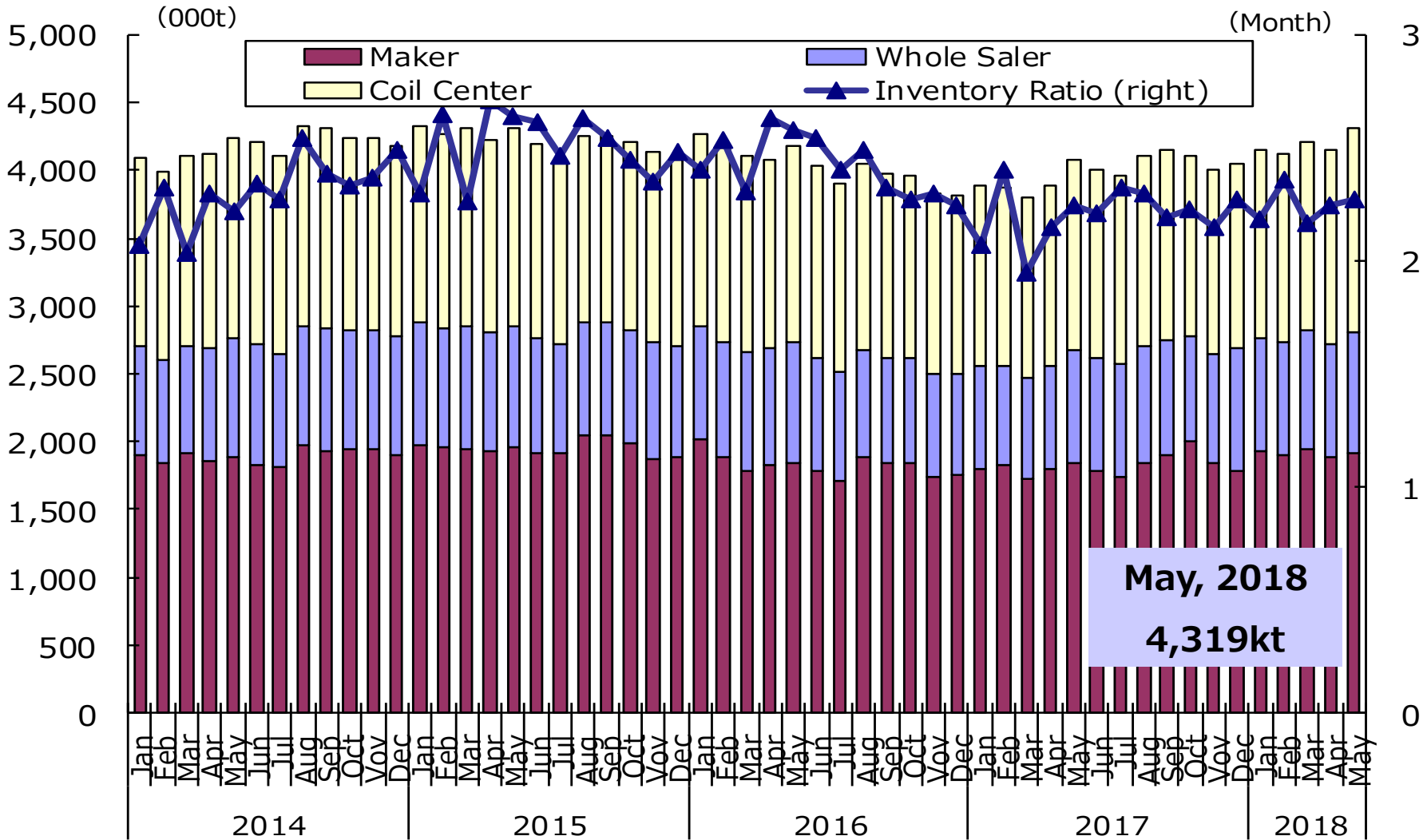
【Outlook for domestic auto production】

(million units)



Domestic Market Environment

Combined Inventories of HR, CR and Coated Steel Sheet



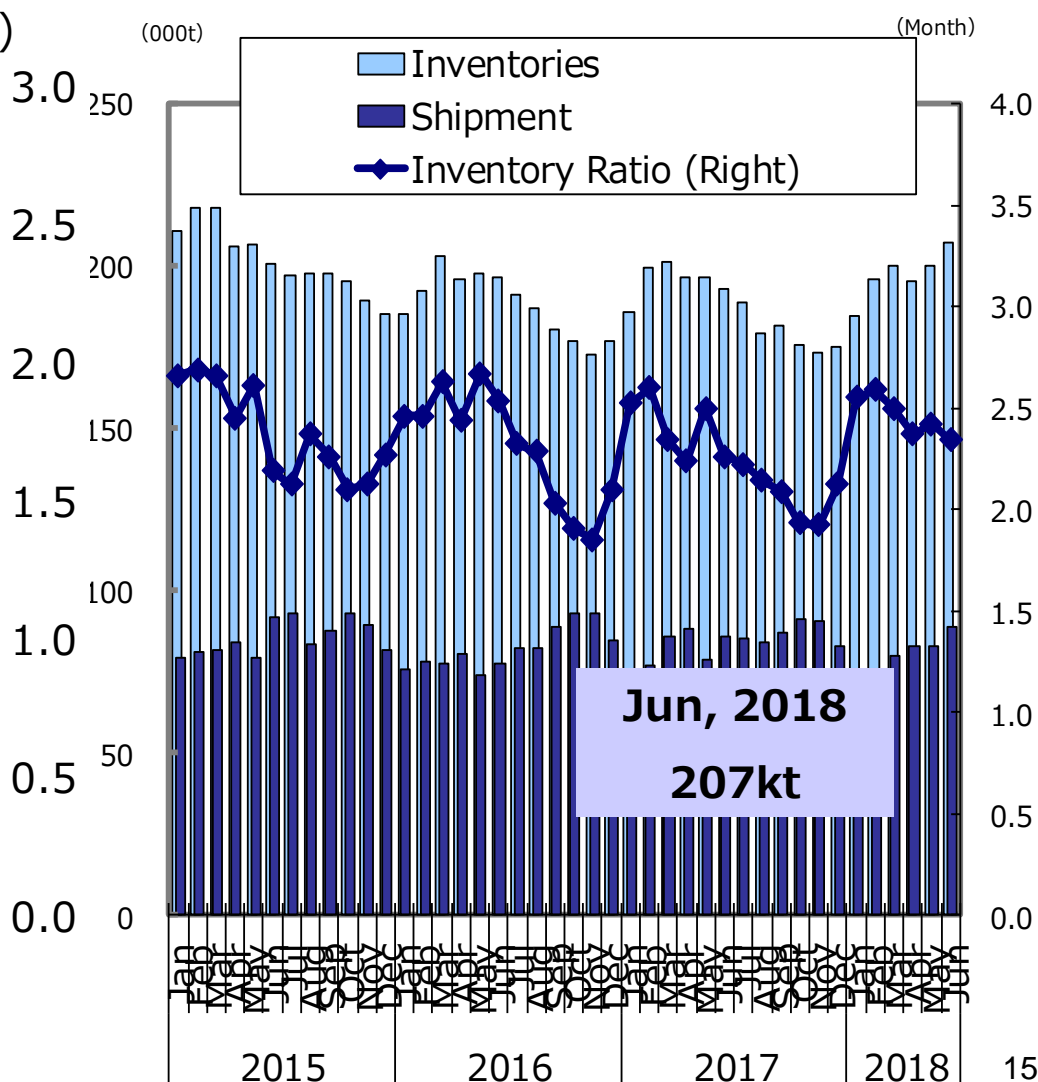
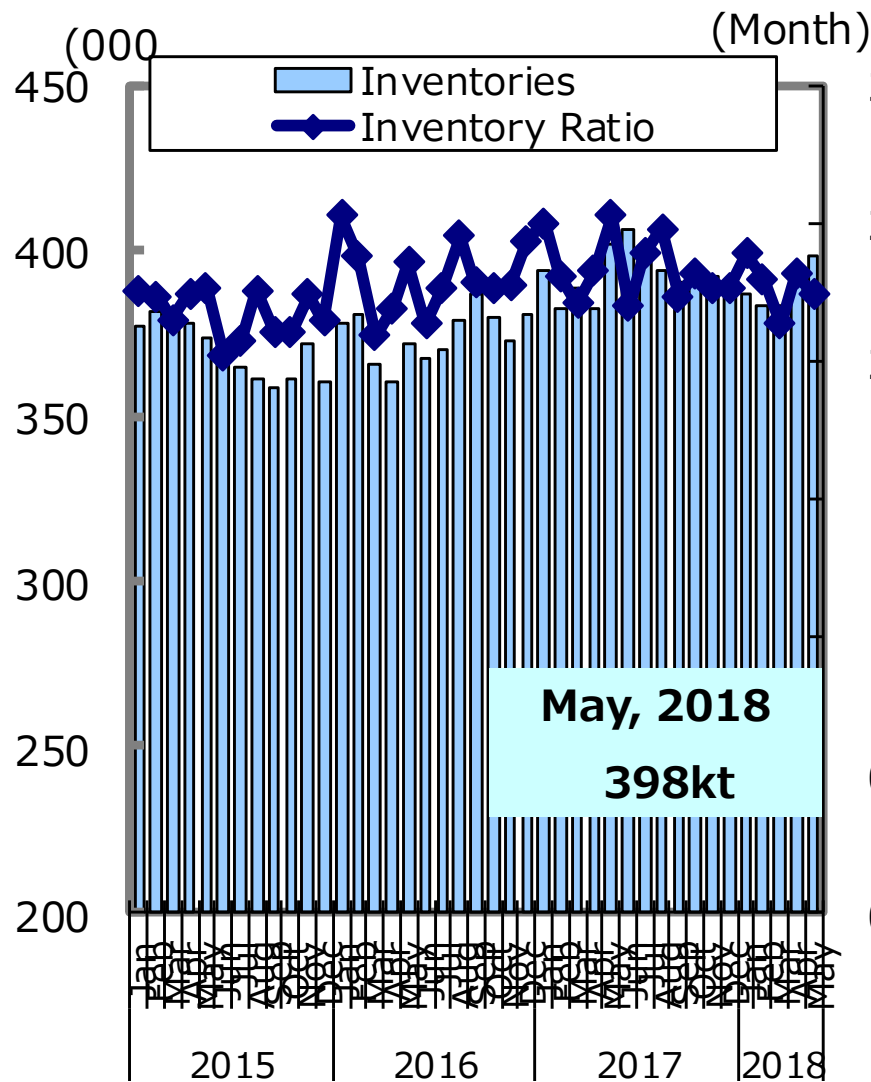


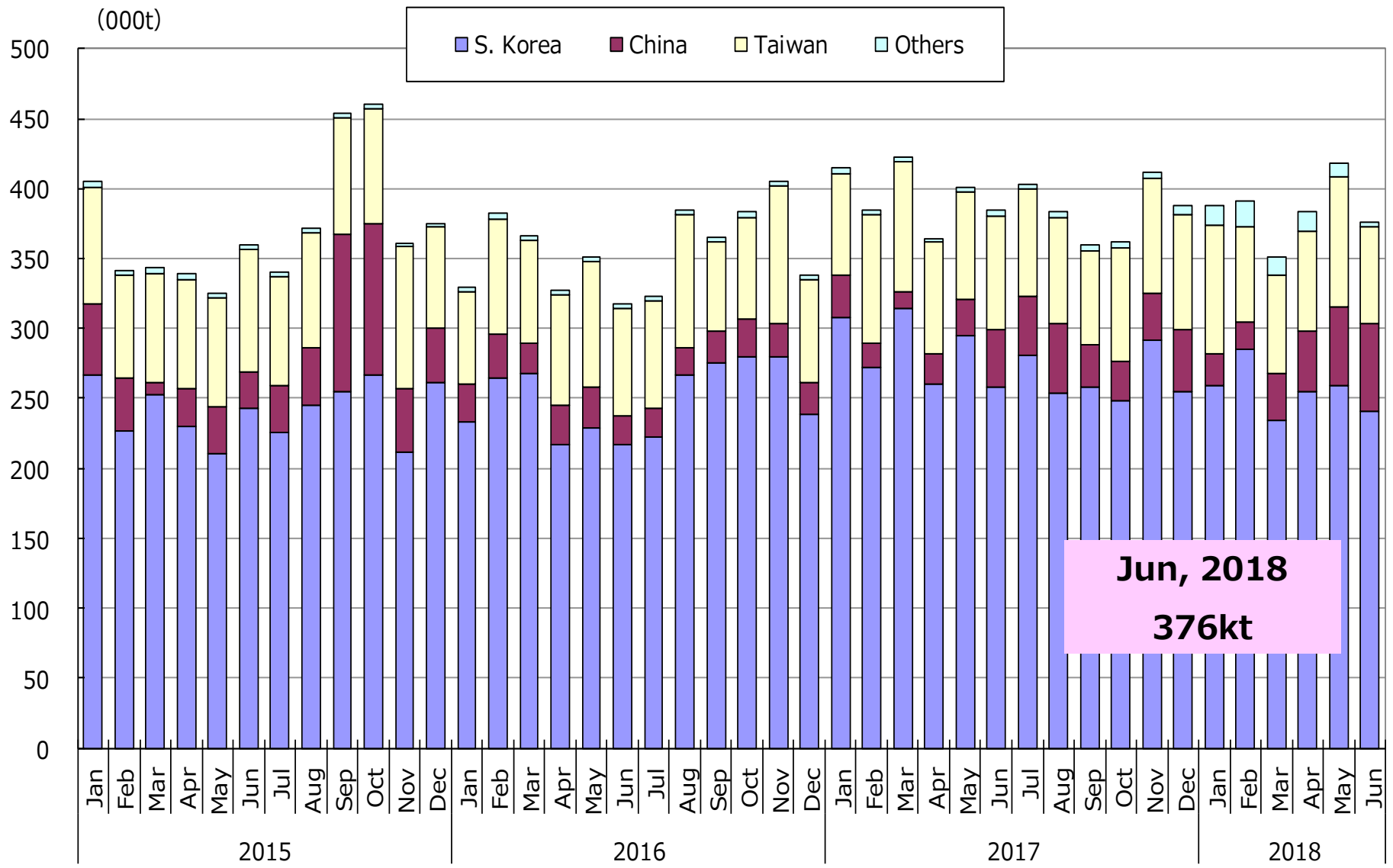
Domestic Market Environment

Inventories of Plate (Plate Shear) and Wide Flange Shapes

Inventories of Plate (Plate Shear)

Inventories of Wide Flange Shapes





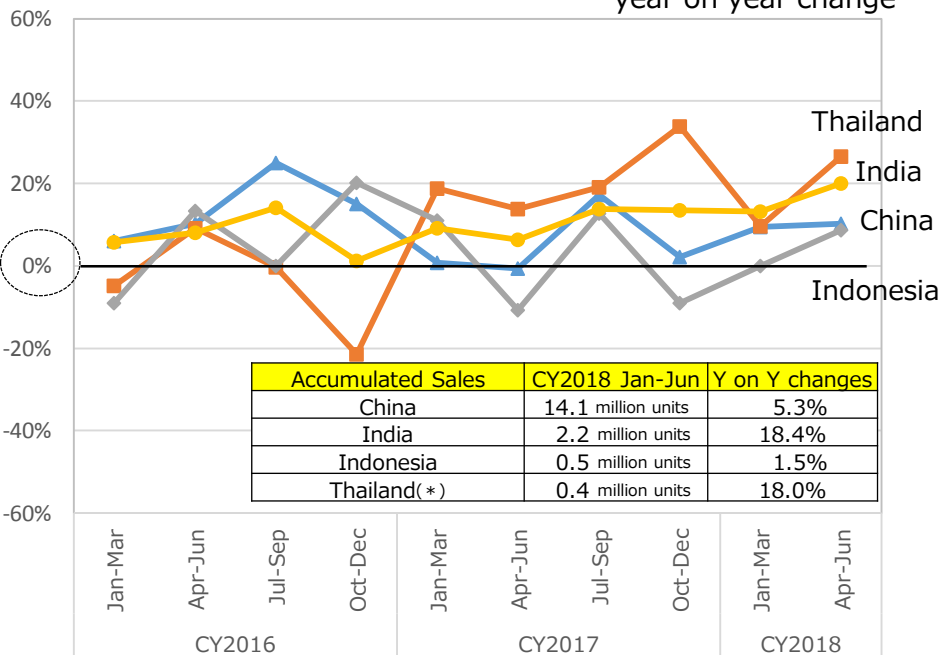


Current Business Environment (Overseas)

- Automobile sales in main Asian countries demonstrate in upward trend.
- Investment in fixed assets in China shows slowdown, but private investment remains robust.
- Demand environment is generally strong in spite of unclear outlook for movement toward protectionism from US trade policy.

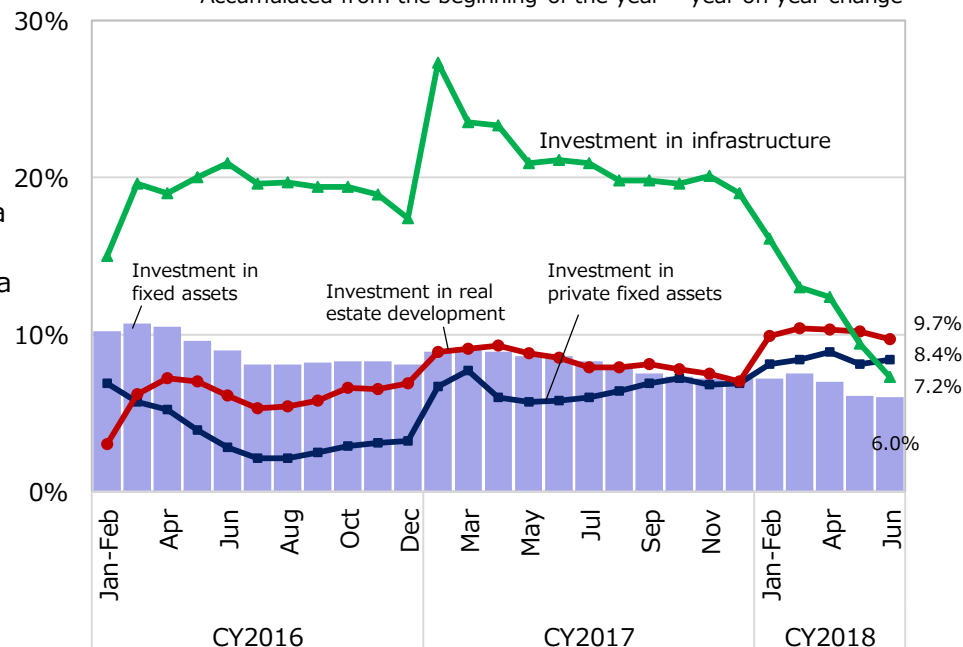
【Automobile Sales】

year on year change



【Investment in Fixed Assets in China】

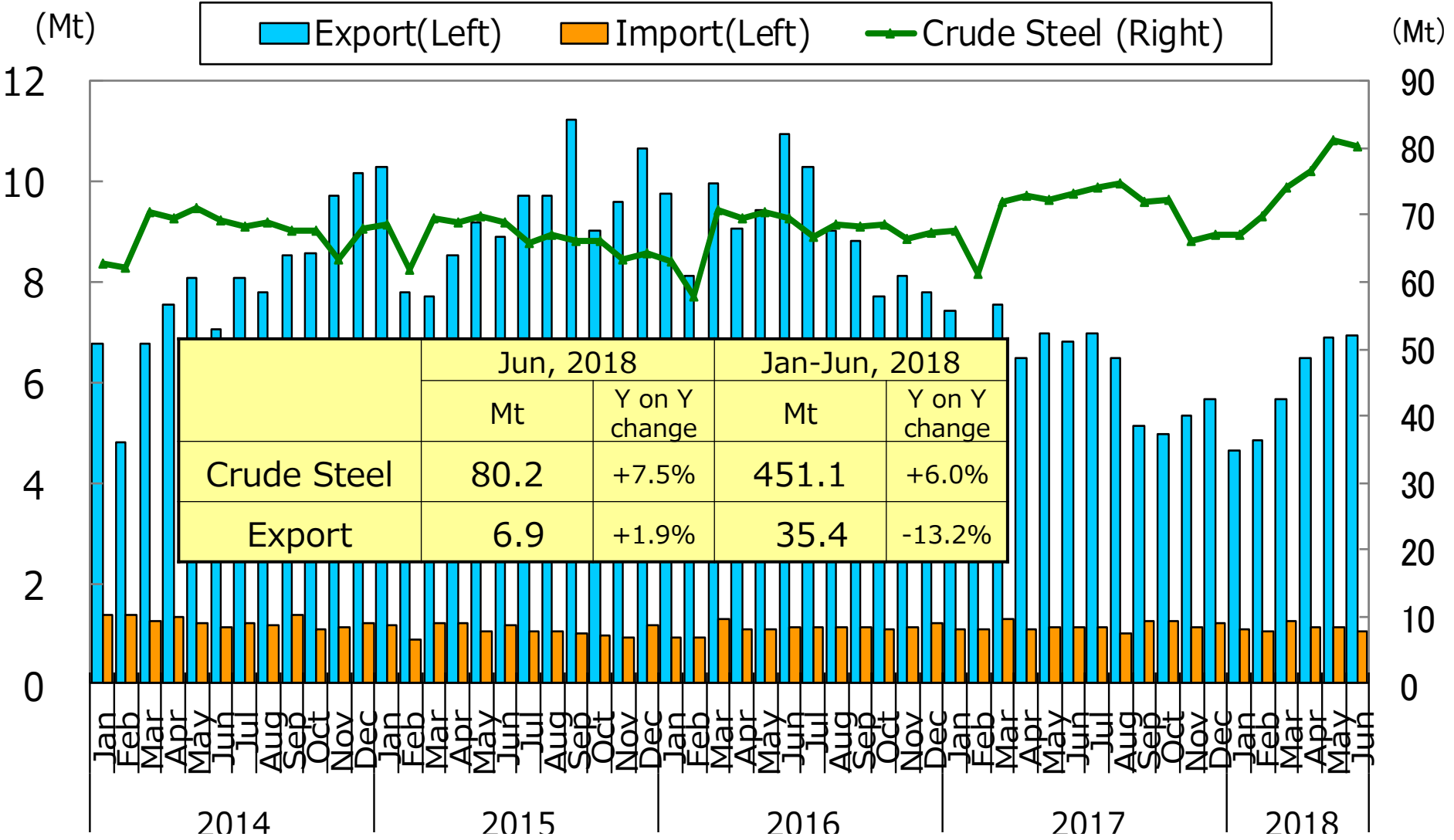
Accumulated from the beginning of the year year on year change



(*) Jan to May data

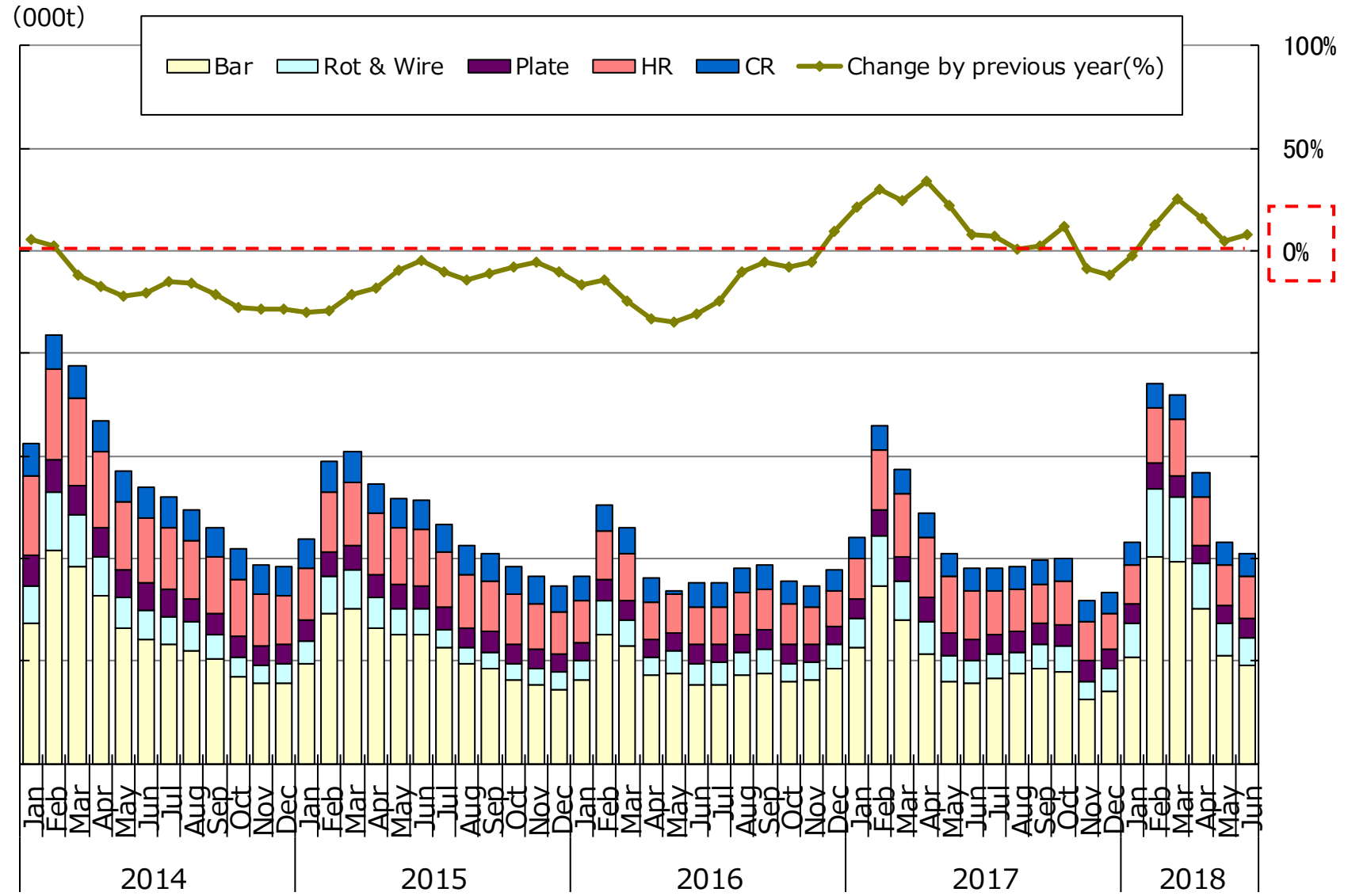
Source : National Bureau of Statistics of China

Crude Steel & Im/Export, China



Overseas
Market Environment

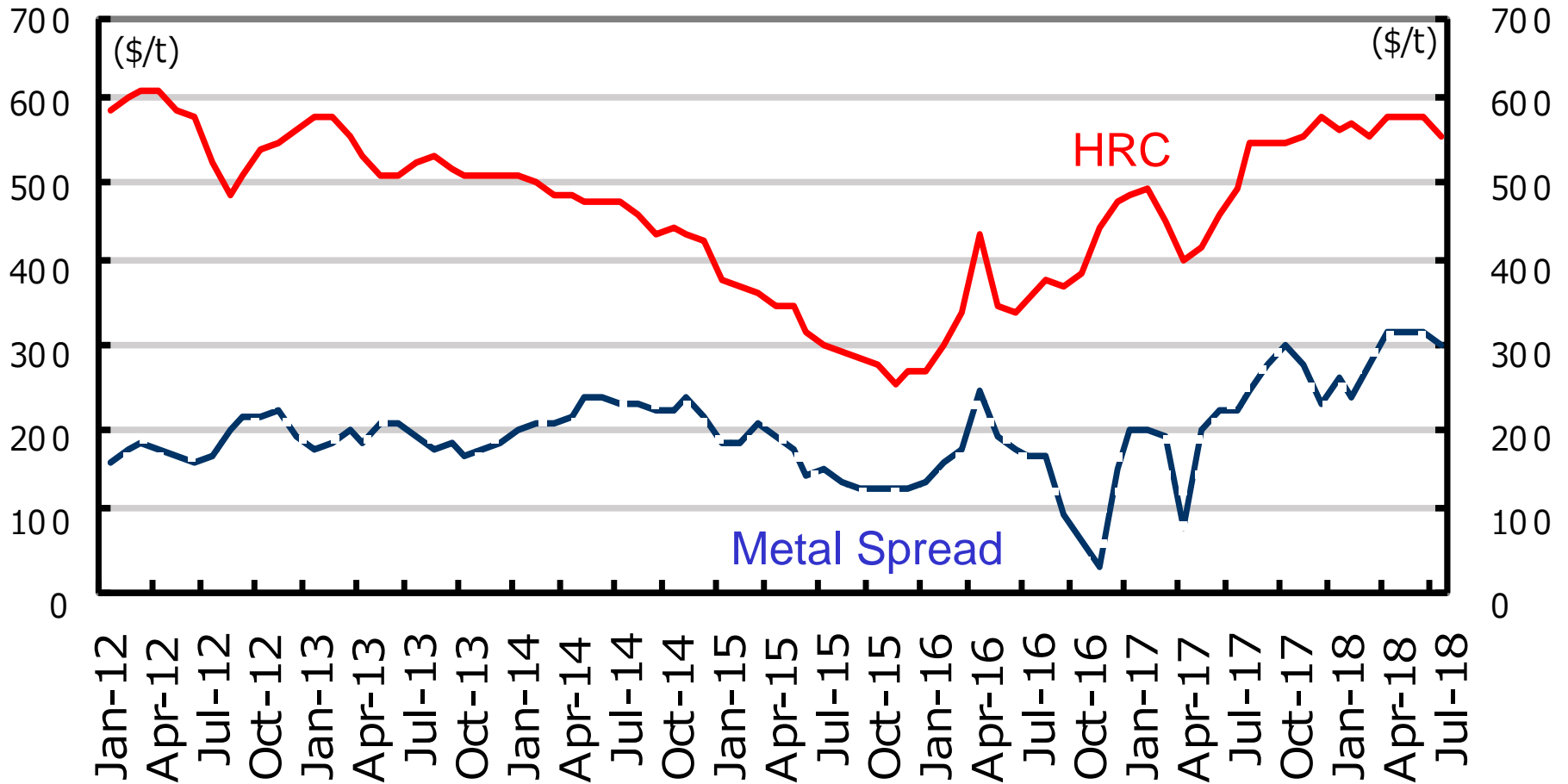
Inventories in China by Products





Overseas
Market Environment

Metal Spread Trend (Chinese Spot Basis)



Metal Spread = HRC Price – Raw Materials Cost

*HRC Price : Chinese Spot basis

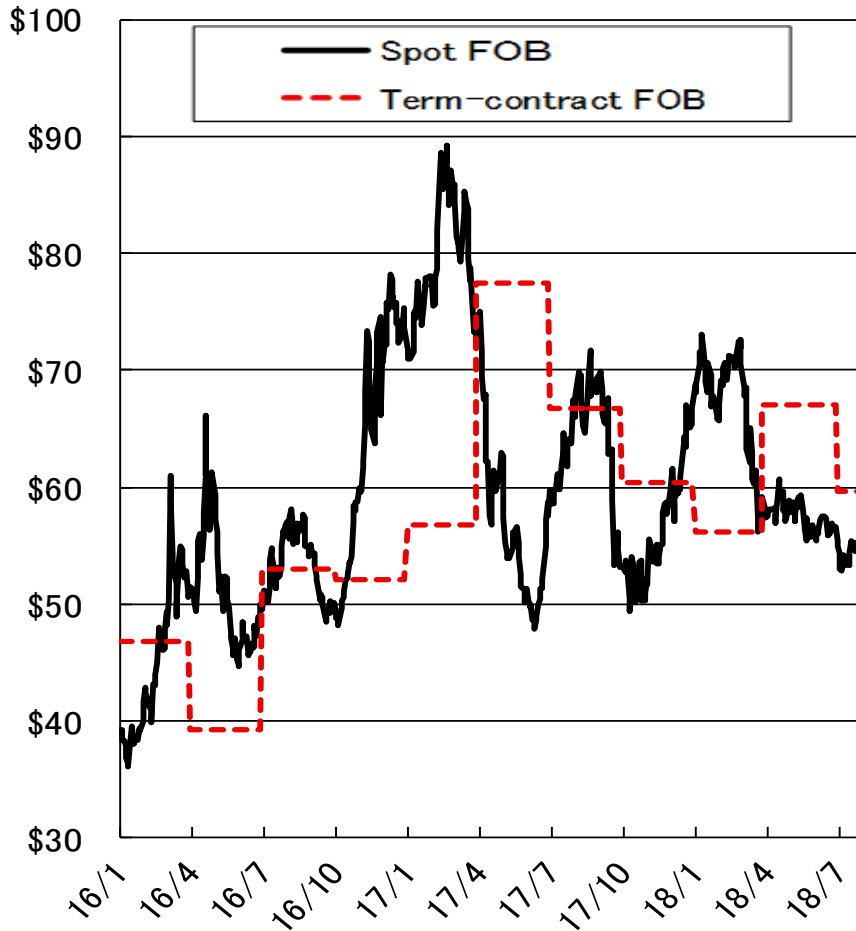
Raw Materials Cost : Calculated from market price of Iron Ore and Hard Coking Coal



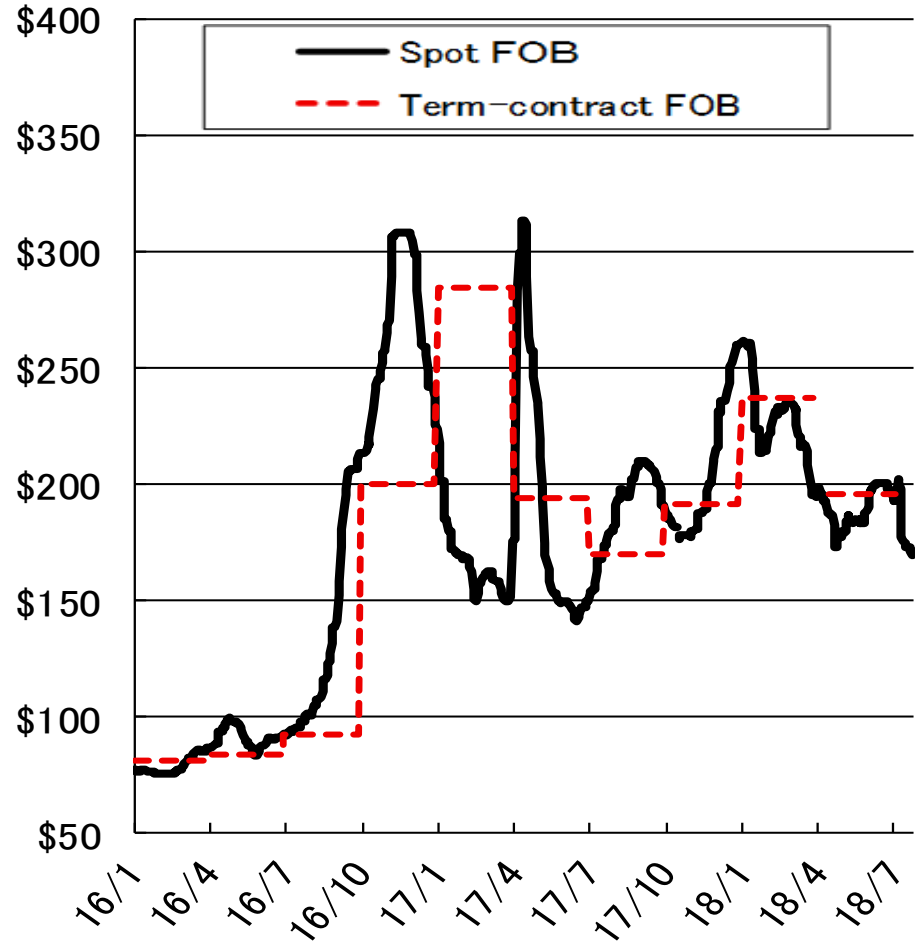
Raw Materials Price

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(\$/DMT) Iron ore (iron ore fines from Australia)



(\$/WMT) Coking Coal (Hard Coking Coal from Australia)



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, Jan-Mar : Dec-Feb spot FOB average)




Financial Forecasts for FY2018 of JFE Steel

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		FY2017	FY2018				
		Full year	1Q	2Q	1H	2H	Full year
			Actual	Actual	Forecast	Forecast	
Net Sales	Billion Yen	2,715.4	685.9	764.1	1,450.0		
Ordinary Income	Billion yen	198.8	64.4	45.6	110.0	90.0	200.0

Crude Steel (Standalone)	Mt	28.46	7.10	7.20	14.30	14.70	29.00
Crude Steel (Consolidated)	Mt	30.06	7.51	7.60	15.10		
Shipment (Standalone)	Mt	25.30	6.13	6.60	12.70		
Export Ratio (Standalone)	%	44.4	42.4	47	45		
Average Sales Price (Standalone)	000 yen/ t	75.3	79.3	81	80		
Exchange rate	¥/\$	111.2	108.1	110	109	110	



18.8 Billion Yen decrease in JFE Steel's Ordinary Income (FY18 1Q (Actual) vs. FY18 2Q (Forecast))

JFE Steel	FY2018 (Forecast)			Change 1Q→2Q
	1Q	2Q	1H	
Ordinary Income	64.4	45.6	110.0	(18.8)

(billion yen)

- Volume and Mix + 2.0
- Sales and Raw materials + 10.0
- Inventory valuation - 4.0
- Others - 26.8



• Increase in depreciation cost
• Decrease in dividends received
• Increase in sub raw materials cost etc.

TOTAL - 18.8



20.0 Billion Yen decrease in JFE Steel's Ordinary Income (FY17 1H (Forecast) vs. 2H (Forecast))

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(billion yen)

JFE Steel	FY2018 (Forecast)			Change 1H→2H
	1H	2H	Total	
Ordinary Income	110.0	90.0	200.0	(20.0)

- Cost reductions + 4.0
 - Volume and Mix + 8.0
 - Sales and Raw materials ± 0.0
 - Inventory valuation - 19.0
 - Others - 13.0
- TOTAL - 20.0**



- Increase in depreciation cost
- Decrease in dividends received etc.



1.2 Billion Yen increase in JFE Steel's Ordinary Income (FY17 (Actual) vs. FY18 (Forecast))

JFE Steel	FY17 (Actual)	FY18 (Forecast)	Change FY17→FY18
Ordinary Income	198.8	200.0	1.2

(billion yen)

■ Cost reductions	+ 20.0
■ Volume and Mix	+ 10.0
■ Sales and Raw materials	+ 80.0
■ Metals, materials and others	- 50.0
■ The cost of strengthening manufacturing capabilities	- 30.0
■ Inventory valuation	- 18.0
■ Others	- 10.8
TOTAL	+ 1.2

Progress of Sixth Medium-Term Business Plan

Domestic

Strengthen production capabilities

- ◆ Finished renovation of Chiba No.6 coke oven (June, 2018)

⇒ **Become self-sufficient in coke**

Overseas

Strengthen global supply system and Expand the JFE brand

- ◆ 【Vietnam】 Formosa Ha Tinh Steel (FHS) No.2 Blast Furnace started operation (May, 2018)

⇒ **Expand crude steel production capacity to 7 million tons**

- ◆ 【China】 Shanghai Baowu JFE Clean Iron Powder Co., Ltd^(*) started commercial production (July, 2018)

(*) [Shareholders] JFE Steel: 50%, Baosteel Metal (subsidiary of Baowusteel): 50%

⇒ **Establish supply system of high-grade iron powders for automobiles use in China**

JFE Engineering

Financial Forecasts for Fiscal Year 2018



Financial Forecasts for FY18 of JFE Engineering

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(billion yen)

	FY2017(A)		FY2018(F)		Change	
	1H	Full year	1H	Full year	1H	Full year
Orders	222.2	495.5	290.0		67.8	
Net Sales	160.2	391.3	190.0		29.8	
Ordinary Income	2.5	19.3	5.0	25.0	2.5	5.7

【Change】

(FY2017 1H to FY2018 1H)

- Orders: Increase with increase in the large scale orders in energy and social infrastructure sector
- Net Sales: Increase with increase in orders in the previous year
- Ordinary Income: Increase with increase in net sales



Classification of placed orders

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(billion yen)

Category	FY2017 1H(A)	FY2018 1H(F)	Change	Main Orders (FY2018 1Q)
Environment	114.5	122.0	7.5	<ul style="list-style-type: none"> - Improvement works of the waste incineration plant in Miyagi - Construction of treatment facility of seepage water at final waste disposal site in Tottori - Volume reduction works of disaster waste
Energy	52.6	84.0	31.4	<ul style="list-style-type: none"> - Construction of the LNG station
Social Infrastructure etc.	54.9	84.0	29.1	<ul style="list-style-type: none"> - Construction of the bridge (Haruta No.3 bridge [Nagoya]) - Reconstruction of the bridges (Metropolitan expressway, Shibuya station west entrance pedestrian bridge)
Total	222.2	290.0	67.8	



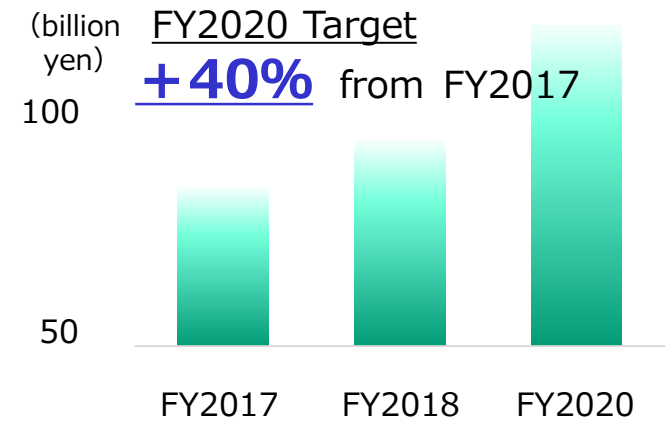
Progress of Sixth Medium-Term Business Plan

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➤ Expanding “Operations projects” in the situation of public-private partnerships are expected to expand

Operations start		Operations of wastewater treatment plant	New orders		Design and construction, and operation and maintenance of waste incineration plant
Facility	Waste water treatment plant in Hamamatsu City		Location	Azumino-city Nagano prefecture	Tottori-city Tottori prefecture
Contracting party	Hamamatsu Water Symphony K.K. (Investing company : Veolia Gr, JFE Engineering etc.)		Amount of order	18.0 billion yen	33.7 billion yen
Contract period	20 years (Apr. 2018~)		Contract period	20 years and 1 month (Mar. 2021~)	20 years (Aug.2022~)

Orders of Operations project



The strength of JFE Engineering

- ① **Technology advantage**
Efficient Power generation technology which realize effective utilization of energy
- ② **Proposal ability for total solutions of plant operation**
Advanced system which realize stable operation and long-term operation cost reduction (ex. Global Remote Center)

JFE Shoji Trade

Financial Forecasts

for Fiscal Year 2018



Financial Forecasts for FY2018 of JFE Shoji Trade

JFE

(billion yen)

	FY2017(A)		FY2018(F)		Change	Change
	1H	Full year	1H	Full year	1H	Full year
Net Sales	916.2	1,907.9	1,050.0		133.8	
Ordinary Income	16.2	33.0	18.5	35.0	2.3	2.0

【Ordinary Income Change】 (FY2017 1H to FY2018 1H)

• Increase with increase in profitability of foreign subsidiaries and sales price hike



Net Sales of JFE Shoji Trade (by Segment)

(billion yen)		FY2017 1H (A)		FY2018 1H (F)		Change	
Domestic Business		470.8		515.0		44.2	
Overseas Business	Export	222.2	368.7	246.0	419.0	23.8	50.3
	Foreign Operation	146.5		173.0		26.5	
Raw Materials, Equipment etc.		76.7		116.0		39.3	
TOTAL		916.2		1,050.0		133.8	

JFE Holdings

Financial Forecasts for Fiscal Year 2018



Financial Forecasts for Fiscal Year 2018

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(billion yen)

	FY2017(A)		FY2018(F)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	1,725.3	3,678.6	2,020.0		294.7	
Operating Income	96.5	246.6	117.0		20.5	
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Ordinary Income (Loss)	101.4	216.3	135.0	260.0	33.6	43.7
Extraordinary Profit (Loss)	19.3	(2.9)	—	—	(19.3)	2.9
Profit (Loss) before Income Taxes and Minority Interests	120.7	213.3	135.0	260.0	14.3	46.7
Tax Expense and Profit Attributable to Non-controlling Interests	(33.7)	(68.7)	(40.0)	(80.0)	(6.3)	(11.3)
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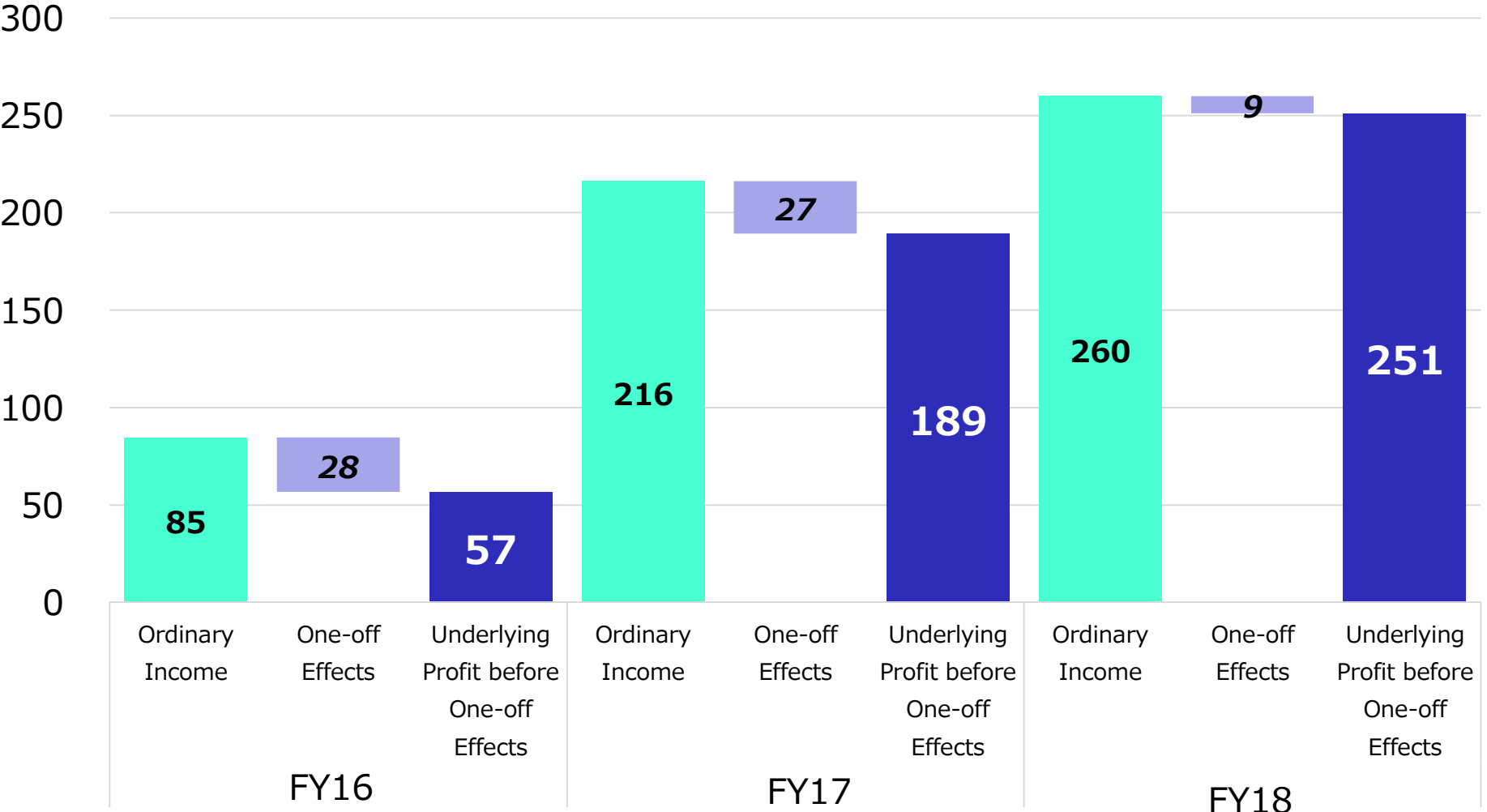
Previous Forecast (Apr.26, 2018) Ordinary Income of Full year: 220.0



Underlying Profit before One-off Effects

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(billion yen)

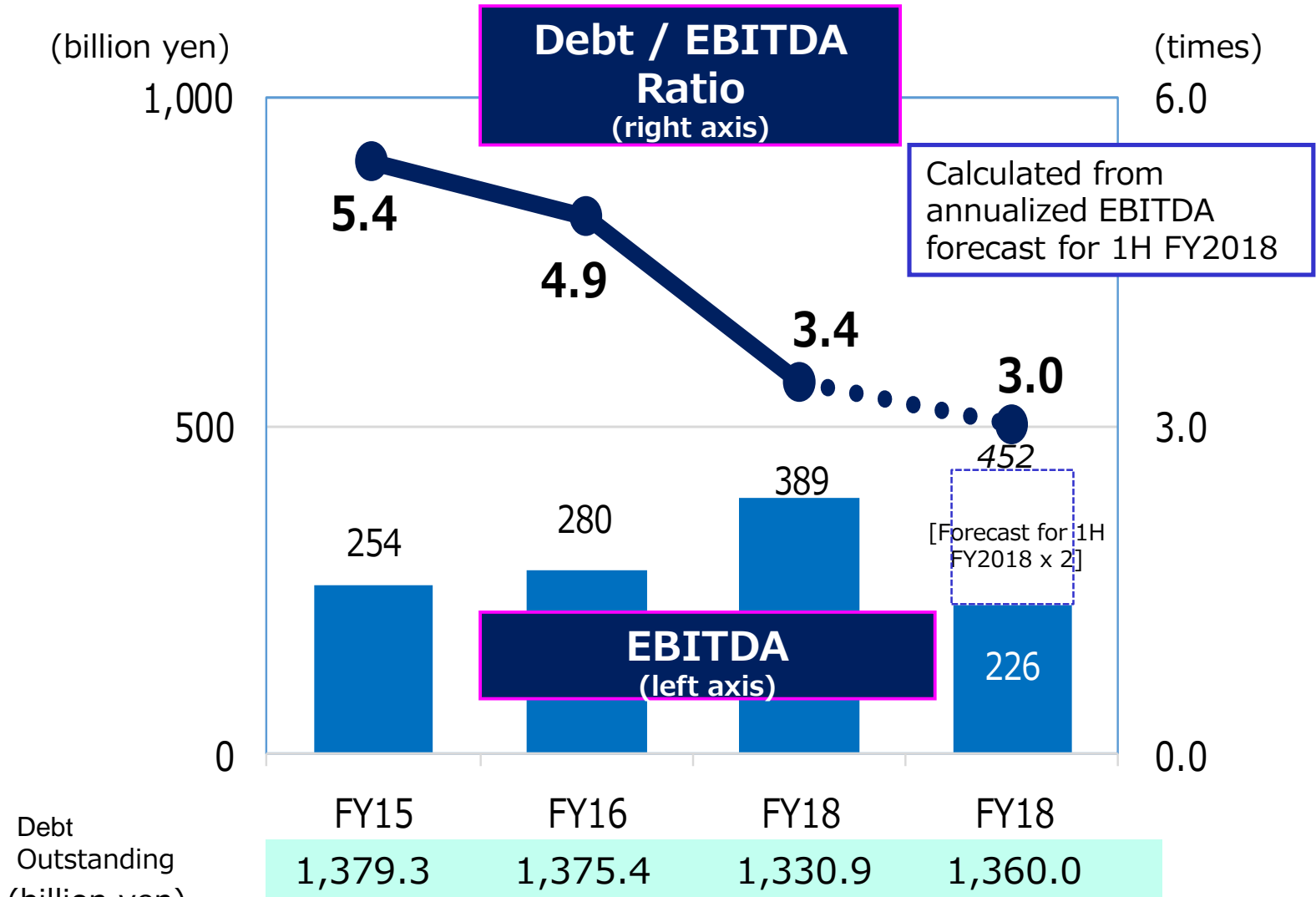


* One-off Effects : Inventory valuation of steel business



Debt/EBITDA Ratio

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

■ Debt / EBITDA = Debt Outstanding / EBITDA

Dividends



Dividends

- JFE Holdings has now decided at its Board of Directors to pay an interim dividend of 45 yen per share and a year end dividend of 50 yen per share, making a total annual dividend of 95 yen per share at its Board of Directors.

Appendix



Main Financial Data

(Forecast)

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18 (1H)
(bn. Yen, times)													
Ordinary Income	218.3	502.9	400.5	69.2	165.8	52.9	52.2	173.6	231.0	64.2	84.7	216.3	135.0
EBITDA * 1	432.3	741.4	670.8	337.1	428.9	306.3	260.6	368.9	421.5	254.4	279.9	388.8	226.0
ROS * 2	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	6.0%	1.9%	2.6%	5.9%	6.7%
ROE * 3	15.9%	17.5%	13.7%	3.3%	4.1%	-2.6%	2.7%	6.3%	7.7%	1.8%	3.7%	7.6%	9.6%
ROA * 4	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.5%	1.7%	2.3%	5.2%	6.3%
Debt Outstanding * 5	1,837	1,281	1,768	1,468	1,496	1,593	1,596	1,534	1,501	1,379	1,375	1,331	1,360
Debt/EBITDA Ratio	x4.3	x1.7	x2.6	x4.4	x3.5	x5.2	x6.1	x4.2	x3.6	x5.4	x4.9	x3.4	x3.0
D/E Ratio * 6	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	59.0%	56.9%	51.4%	58.2%	58.1%
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	250.8	164.8
Dividend (yen/share)	30	120	90	20	35	20	20	40	60	30	30	80	(E) 45
Pay-out Ratio	16.1%	26.6%	25.3%	23.2%	31.6%	-	28.1%	22.5%	24.8%	51.4%	25.5%	31.9%	27.3%

* 1 EBITDA = Ordinary income + Interest expense + Depreciation and Amortization * 2 ROS = Ordinary income / Net sales

* 3 ROE (full year) = Profit attributable to owners of parent / Shareholders' equity, ROE (first half) = Profit attributable to owners of parent x 2 / Shareholders' equity

* 4 ROA (full year) = Ordinary income before interest expense / Total assets (average),
ROA (first half) = Ordinary income before interest expense x 2 / Total assets (average)

* 5 Debt/EBITDA ratio = Debt outstanding / EBITDA

* 6 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
June 30, 2016	200.0 billion yen	25%	50.0 billion yen
March 19, 2018	300.0 billion yen	25%	75.0 billion yen

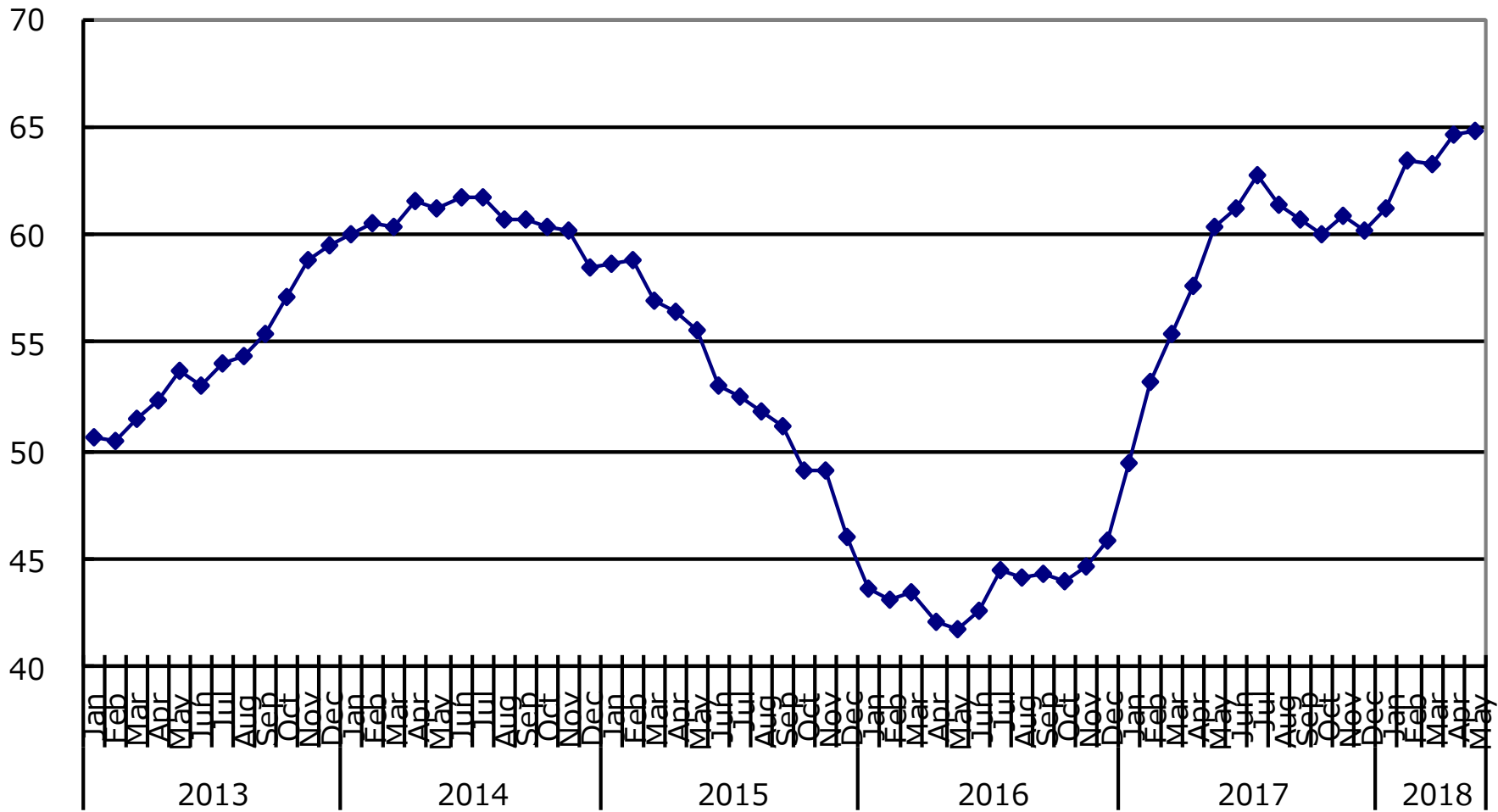
[As of the end of March, 2018]



Domestic Market Environment

Price Trend of Import Steel

(000 yen/ton)



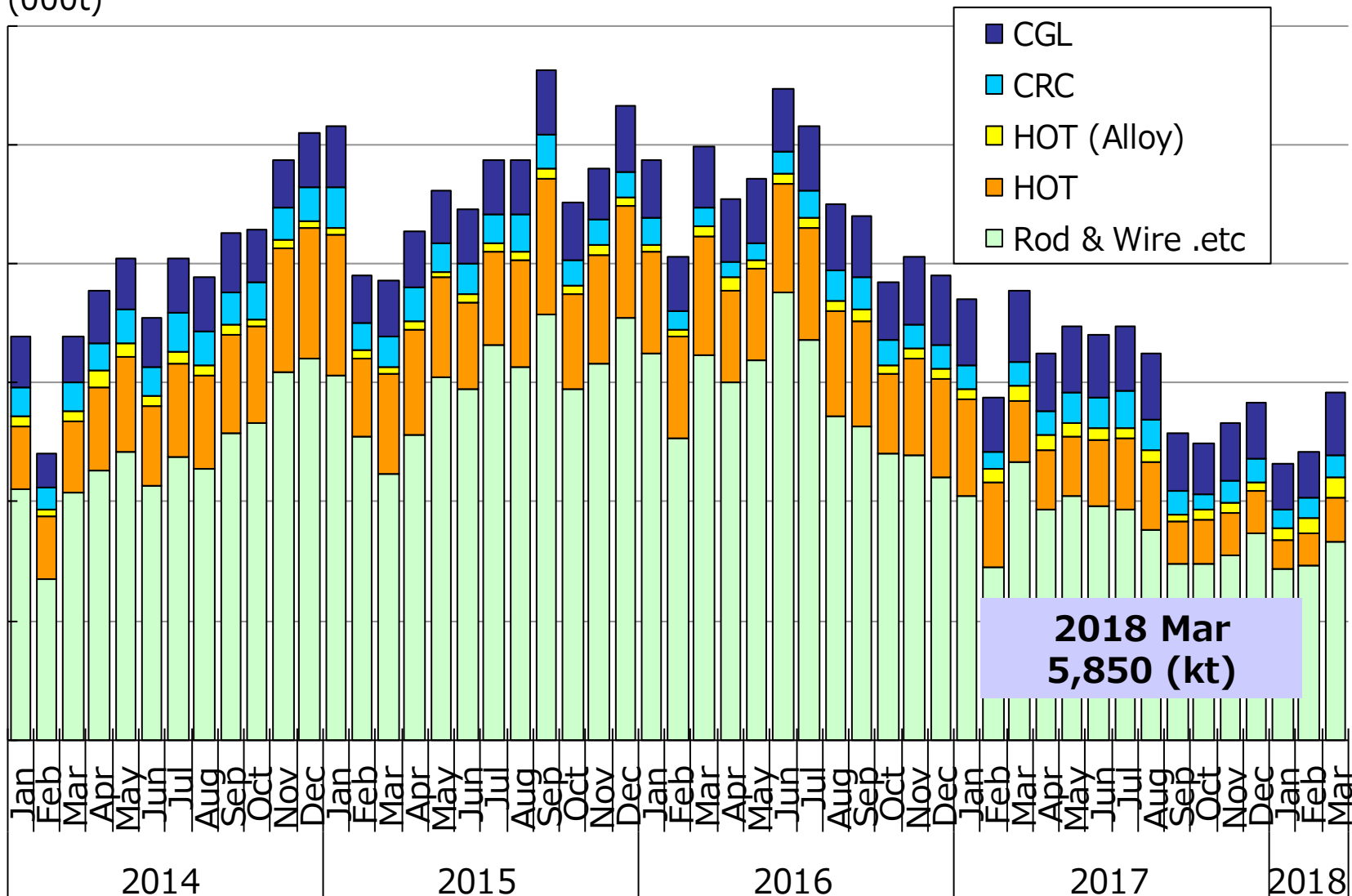
Data: Japanese Steel Association
Import Steel from S. Korea

Overseas Market Environment

Exports from China by Products



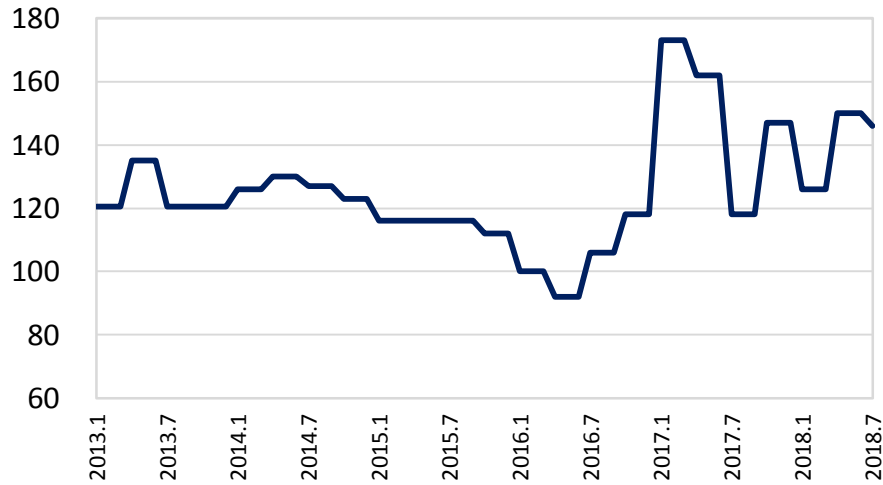
(000t)



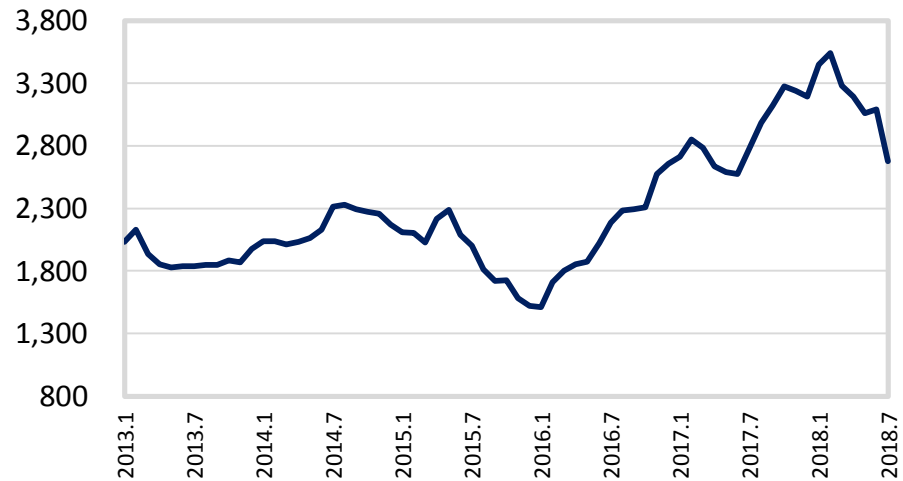
**2018 Mar
5,850 (kt)**



(¢/lb) FeCr



(U\$/t) Zn



(U\$/t) FeMn



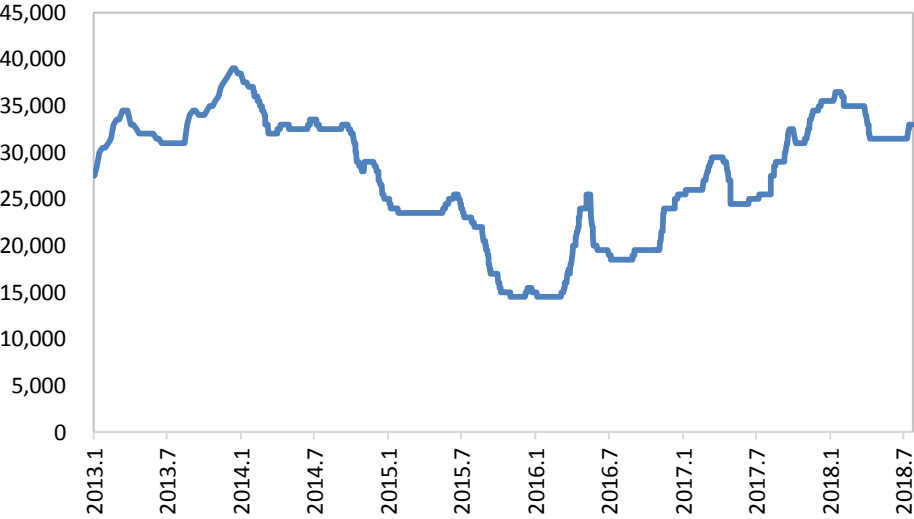
(U\$/lb) Mo



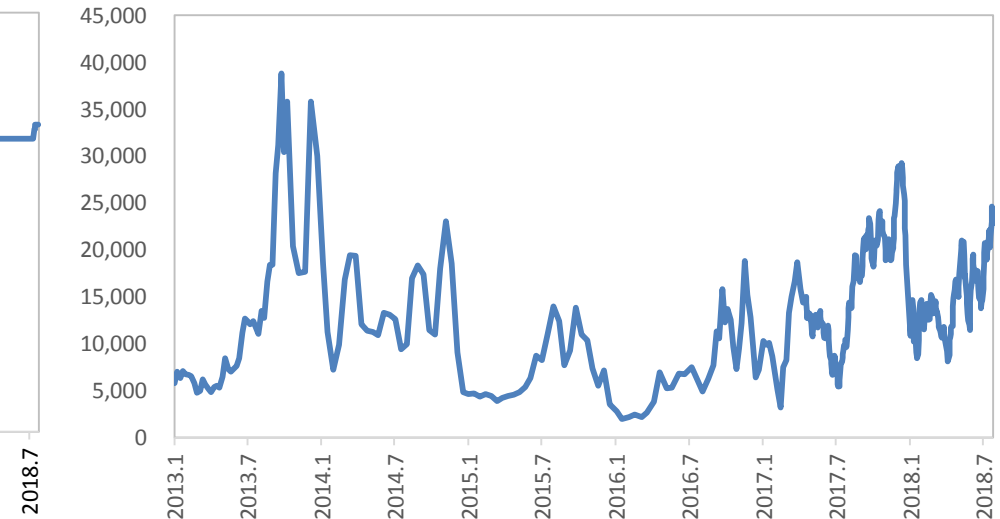
Raw Materials Trend of Market Price



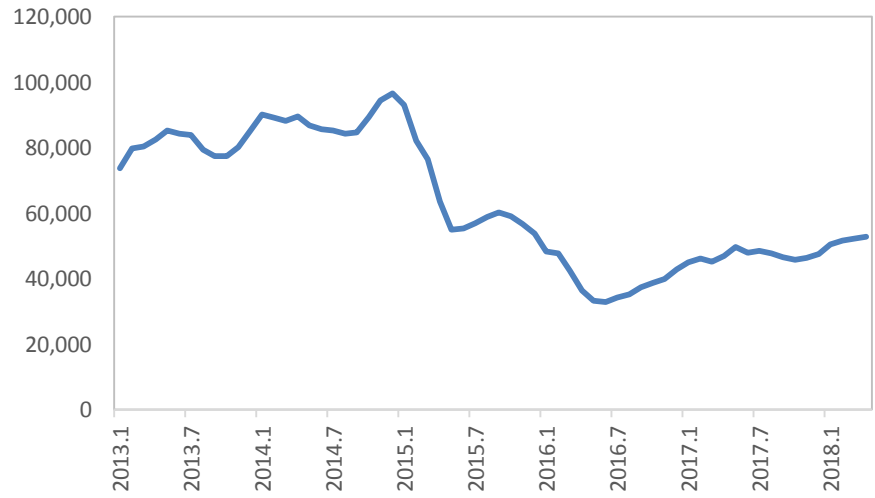
(yen/t) Scrap



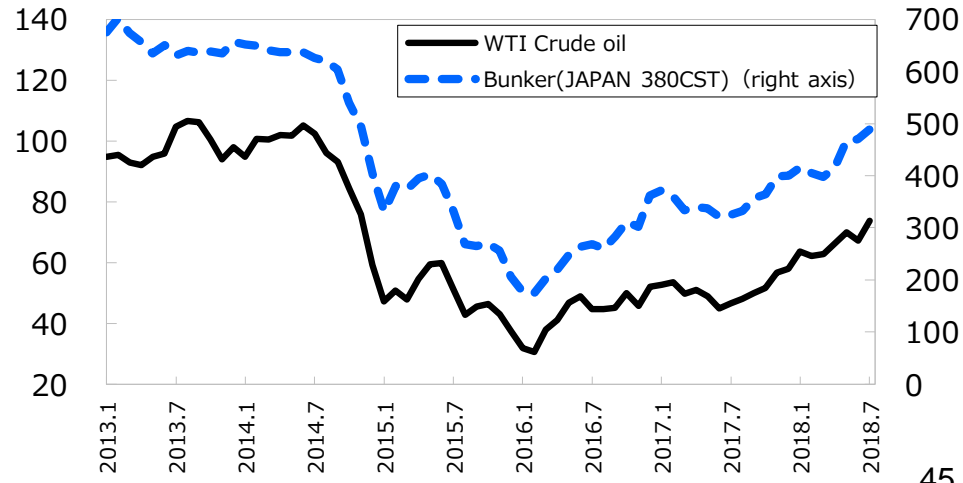
(\$/day) Spot Bulker



(yen/t) LNG Price



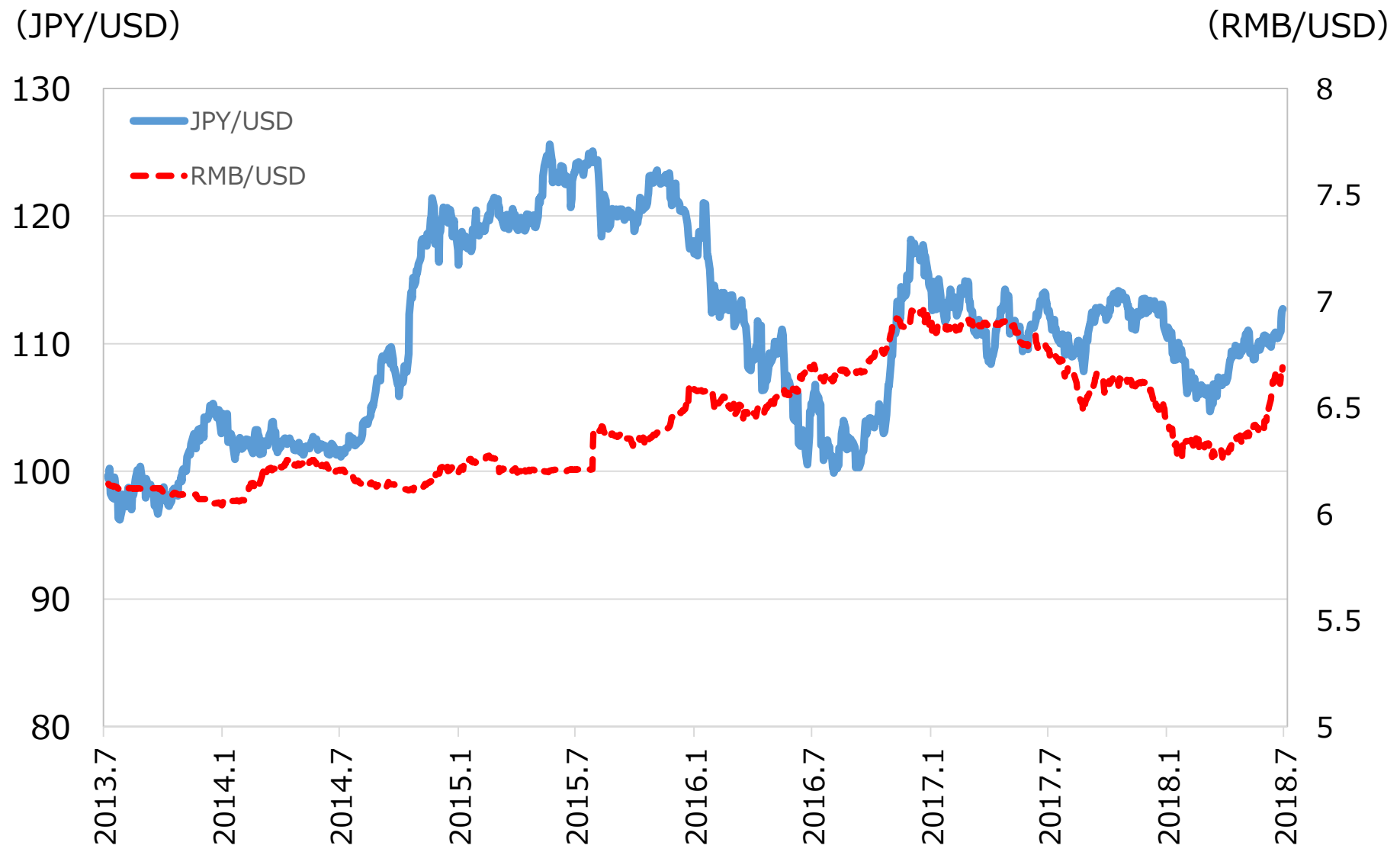
Oil





Trend of exchange rate (USD against JPY RMB)

JFE



25.4 billion Yen increase in JFE Steel's Ordinary Income (FY17 1H (Actual) vs. FY18 1H (Forecast))



(billion yen)


JFE Steel	FY17 1H Actual	FY18 1H Forecast	Change FY17 1H→FY18 1H
Ordinary Income	84.6	110.0	25.4

- Cost reductions + 13.0
- Volume and Mix + 5.0
- Sales and Raw materials + 49.0
- Inventory valuation + 5.0
- Others - 46.6

⇒

- Increase in materials cost including ferro-alloy and refractory
- Increase in depreciation cost etc.

TOTAL + 25.4



15.8 Billion Yen increase in JFE Steel's Ordinary Income (FY17 4Q vs. FY18 1Q)

JFE

(billion yen)

JFE Steel	FY17 1Q	FY17 2Q	FY17 3Q	FY17 4Q	FY18 1Q	Change 4Q→1Q
Ordinary Income	48.6	36.0	65.6	48.6	64.4	15.8

- Cost reductions + 2.0
- Volume and Mix ± 0.0
- Sales and Raw materials + 15.0
- Inventory valuation ± 0.0
- Others - 1.2

TOTAL + 15.8

4.2 Billion Yen decrease in JFE Steel's Ordinary Income (FY17 2H (Actual) vs. FY18 1H (Forecast))



(billion yen)

JFE Steel	FY17 2H (Actual)	FY18 1H (Forecast)	Change FY17 2H→FY18 1H
Ordinary Income	114.2	110.0	(4.2)

- Cost reductions + 3.0
- Volume and Mix ± 0.0
- Sales and Raw materials + 25.0
- Inventory valuation - 4.0
- Others - 28.2

⇒

- Increase in materials cost including ferro-alloy and refractory
- Increase in depreciation cost etc.

TOTAL - 4.2



JFE