



JFE

JFE Group

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

JFE Holdings, Inc.

October 30, 2018



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 - 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 Half
of Fiscal Year 2018
(April 1 to September 30, 2018)**



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JFE-HD

Financial Results in First Half of Fiscal Year 2018

(billion yen)

	FY2017 1H (Apr-Sep)	FY2018 1H (Apr-Sep)	Change
Net Sales	1,725.3	1,907.2	181.9
Operating Income (Loss)	96.5	116.3	19.8
Non-operating Income (Expenses)	4.9	27.1	22.2
Ordinary Income (Loss)	101.4	143.5	42.1
Extraordinary Profit	19.3	—	(19.3)
Profit (Loss) before Income Taxes	120.7	143.5	22.8
Tax Expense and Profit Attributable to Non-controlling Interests	(33.7)	(33.0)	0.7
Profit (Loss) Attributable to Owners of Parent	87.0	110.4	23.4



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

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(billion yen)

	FY2017 1H (Apr-Sep)	FY2018 1H (Apr-Sep)	Change
Steel Business	1,294.7	1,386.6	91.9
Engineering Business	160.2	192.8	32.6
Trading Business	916.2	1,018.2	102.0
Adjustments	(645.9)	(690.4)	(44.5)
Net Sales	1,725.3	1,907.2	181.9
Steel Business	84.6	114.1	29.5
Engineering Business	2.5	6.9	4.4
Trading Business	16.2	19.1	2.9
Adjustments	(2.0)	3.2	5.2
Ordinary Income (Loss)	101.4	143.5	42.1



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



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Financial Forecasts for Fiscal Year 2018

(billion yen)

	Previous Forecasts (Jul. 31. 2018)		Updated Forecasts (Oct. 30. 2018)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	2,020.0		1,907.2	4,000.0	(112.8)	
Operating Income	117.0		116.3	220.0	(0.7)	
Non-operating Income (Expenses)	18.0		27.1	30.0	9.1	
Ordinary Income (Loss)	135.0	260.0	143.5	250.0	8.5	(10.0)
Extraordinary Profit (Loss)	—	—	—	—	—	—
Profit (Loss) before Income Taxes and Minority Interests	135.0	260.0	143.5	250.0	8.5	(10.0)
Tax Expense and Profit Attributable to Non-controlling Interests	(40.0)	(80.0)	(33.0)	(75.0)	7.0	5.0
Profit (Loss) Attributable to Owners of Parent	95.0	180.0	110.4	175.0	15.4	(5.0)



Financial Forecasts for Fiscal Year 2018 (by Segment)

JFE

(billion yen)

	Previous Forecasts (Jul. 31. 2018)		Updated Forecasts (Oct. 30. 2018)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Steel Business	1,450.0	/	1,386.6	2,880.0	(63.4)	/
Engineering Business	190.0		192.8	480.0	2.8	
Trading Business	1,050.0		1,018.2	2,120.0	(31.8)	
Adjustments	(670.0)		(690.4)	(1,480.0)	(20.4)	
Net Sales	2,020.0		1,907.2	4,000.0	(112.8)	
Steel Business	110.0	200.0	114.1	190.0	4.1	(10.0)
Engineering Business	5.0	25.0	6.9	22.0	1.9	(3.0)
Trading Business	18.5	35.0	19.1	35.0	0.6	–
Adjustments	1.5	–	3.2	3.0	1.7	3.0
Ordinary Income (Loss)	135.0	260.0	143.5	250.0	8.5	(10.0)



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	1,907.2	4,000.0	181.9	321.4
Operating Income	96.5	246.6	116.3	220.0	19.8	(26.6)
Non-operating Income (Expenses)	4.9	(30.3)	27.1	30.0	22.2	60.3
Ordinary Income (Loss)	101.4	216.3	143.5	250.0	42.1	33.7
Extraordinary Profit (Loss)	19.3	(2.9)	–	–	(19.3)	2.9
Profit (Loss) before Income Taxes and Minority Interests	120.7	213.3	143.5	250.0	22.8	36.7
Tax Expense and Profit Attributable to Non-controlling Interests	(33.7)	(68.7)	(33.0)	(75.0)	0.7	(6.3)
Profit (Loss) Attributable to Owners of Parent	87.0	144.6	110.4	175.0	23.4	30.4



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	1,386.6	2,880.0	91.9	164.6
Engineering Business	160.2	391.3	192.8	480.0	32.6	88.7
Trading Business	916.2	1,907.9	1,018.2	2,120.0	102.0	212.1
Adjustments	(645.9)	(1,336.1)	(690.4)	(1,480.0)	(44.5)	(143.9)
Net Sales	1,725.3	3,678.6	1,907.2	4,000.0	181.9	321.4
Steel Business	84.6	198.8	114.1	190.0	29.5	(8.8)
Engineering Business	2.5	19.3	6.9	22.0	4.4	2.7
Trading Business	16.2	33.0	19.1	35.0	2.9	2.0
Adjustments	(2.0)	(34.9)	3.2	3.0	5.2	37.9
Ordinary Income (Loss)	101.4	216.3	143.5	250.0	42.1	33.7



JFE Steel

Financial Results in First Half of Fiscal Year 2018



Production and Shipment

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	Unit	FY2017							FY2018		
		1H			2H			Full year	1H		
		1Q	2Q	3Q	4Q	2H	1Q		2Q	1H	
Crude Steel (Standalone)	Mt	7.12	6.98	14.10	7.23	7.14	14.37	28.46	7.10	6.94	14.04
Crude Steel (Consolidated)	Mt	7.53	7.38	14.91	7.63	7.52	15.15	30.06	7.51	7.33	14.84
Shipment (Standalone)	Mt	6.14	6.28	12.42	6.38	6.50	12.88	25.30	6.13	5.93	12.06
Export Ratio on Value Basis (Standalone)	%	42.1	44.2	43.2	45.1	45.9	45.5	44.4	42.4	44.2	43.3
Average Sales Prices (Standalone)	000 yen / t	74.4	73.3	73.8	77.0	76.5	76.8	75.3	79.3	81.9	80.6
Exchange Rate	¥/\$	111.5	110.9	111.2	112.6	109.7	111.2	111.2	108.1	110.9	109.5
Exchange Rate (End of Term)	¥/\$	112.0	112.7	112.7	113.0	106.2	106.2	106.2	110.5	113.6	113.6



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

(billion yen)

JFE Steel	FY18 1H Forecast	FY18 1H Actual	Change 1H (F) → (A)
Ordinary Income	110.0	114.1	4.1

- Cost reductions - 3.0
- Volume and Mix - 9.0
- Sales and Raw materials + 6.0
- Inventory valuation + 2.0
- Others + 8.1



Increase in profit of overseas subsidiaries etc.

TOTAL + 4.1



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

(billion yen)

JFE Steel	FY17 1H Actual	FY18 1H Actual	Change FY17 1H→FY18 1H
Ordinary Income	84.6	114.1	29.5

- Cost reductions + 10.0
- Volume and Mix - 4.0
- Sales and Raw materials + 55.0
- Inventory valuation + 7.0
- Others - 38.5

⇒

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

TOTAL + 29.5



JFE Steel

Financial Forecasts for Fiscal Year 2018

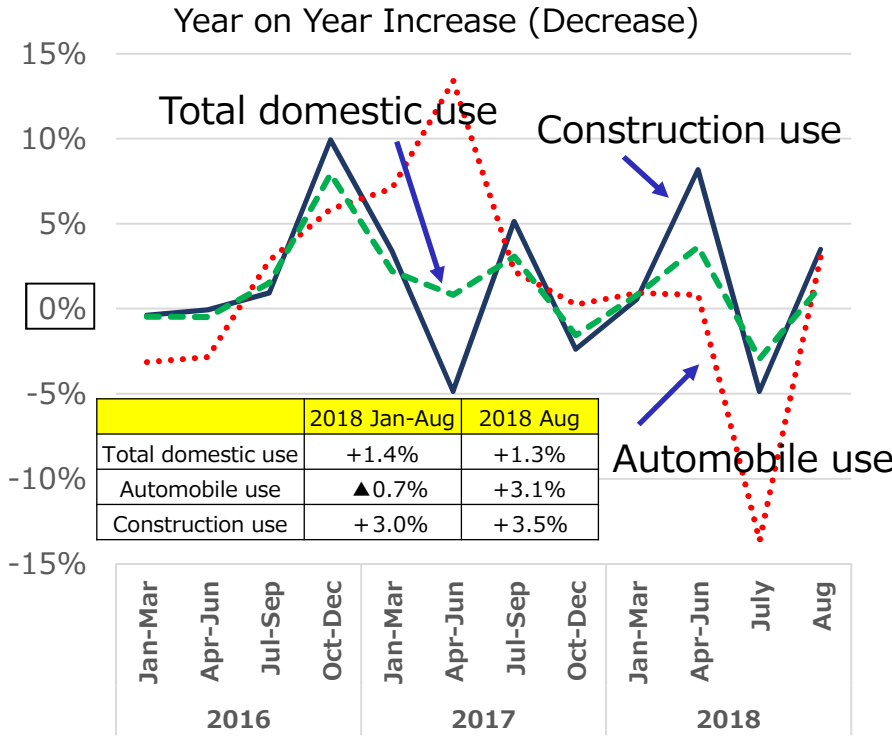


Current Business Environment (Domestic)

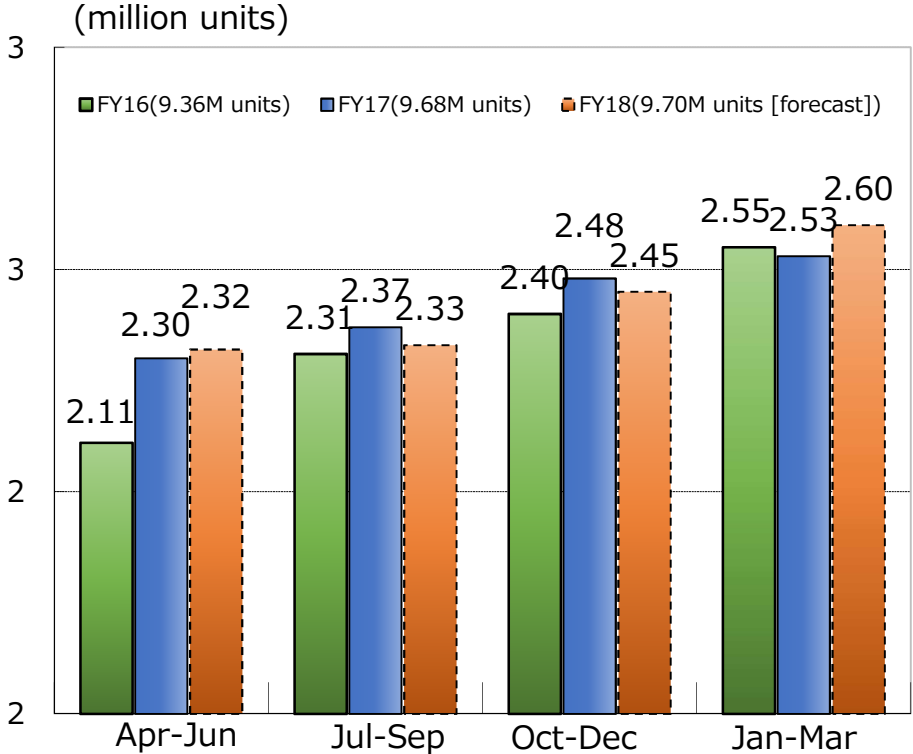
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- **Strong demand environment is forecast to continue.** Domestic ordinary steel orders recorded +1.4% growth on a year-on-year basis in January to August period in spite of natural disasters including heavy rain.
- By segment, construction and automobile use demonstrate robust demand trend.

【Trend of Ordinary Steel Orders】



【Outlook for Domestic Auto Production】

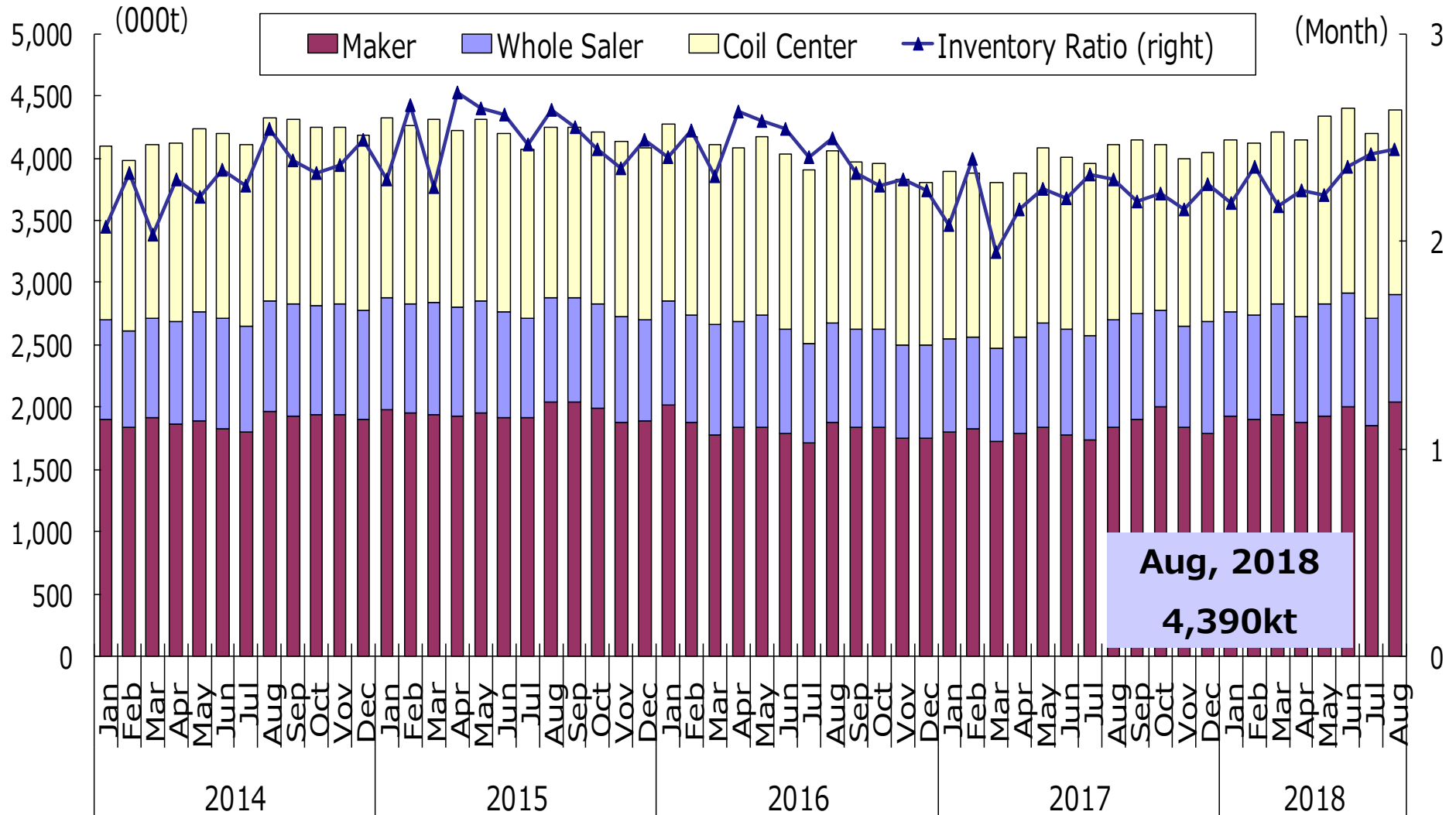




Domestic Market Environment

Combined Inventories of HR, CR and Coated Steel Sheet

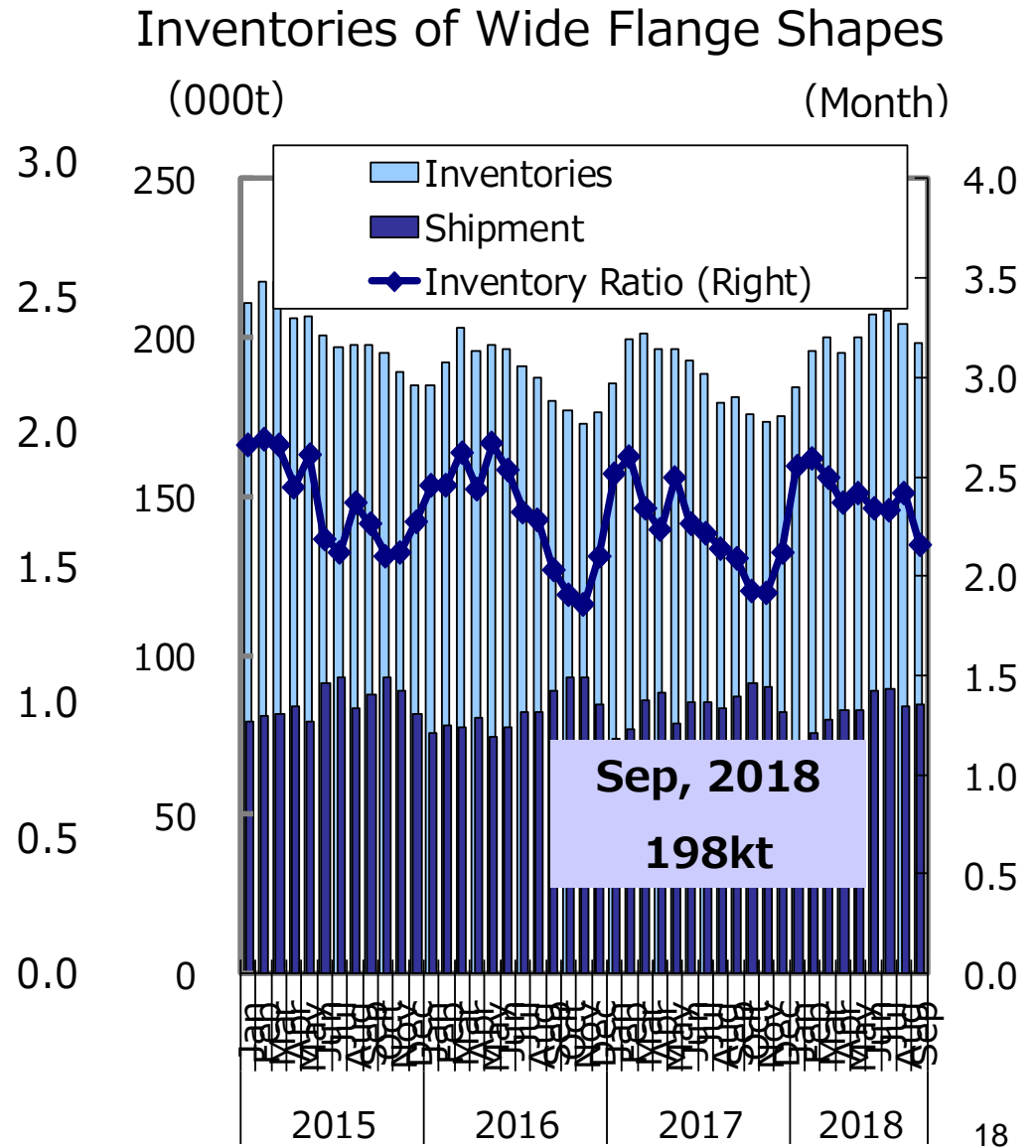
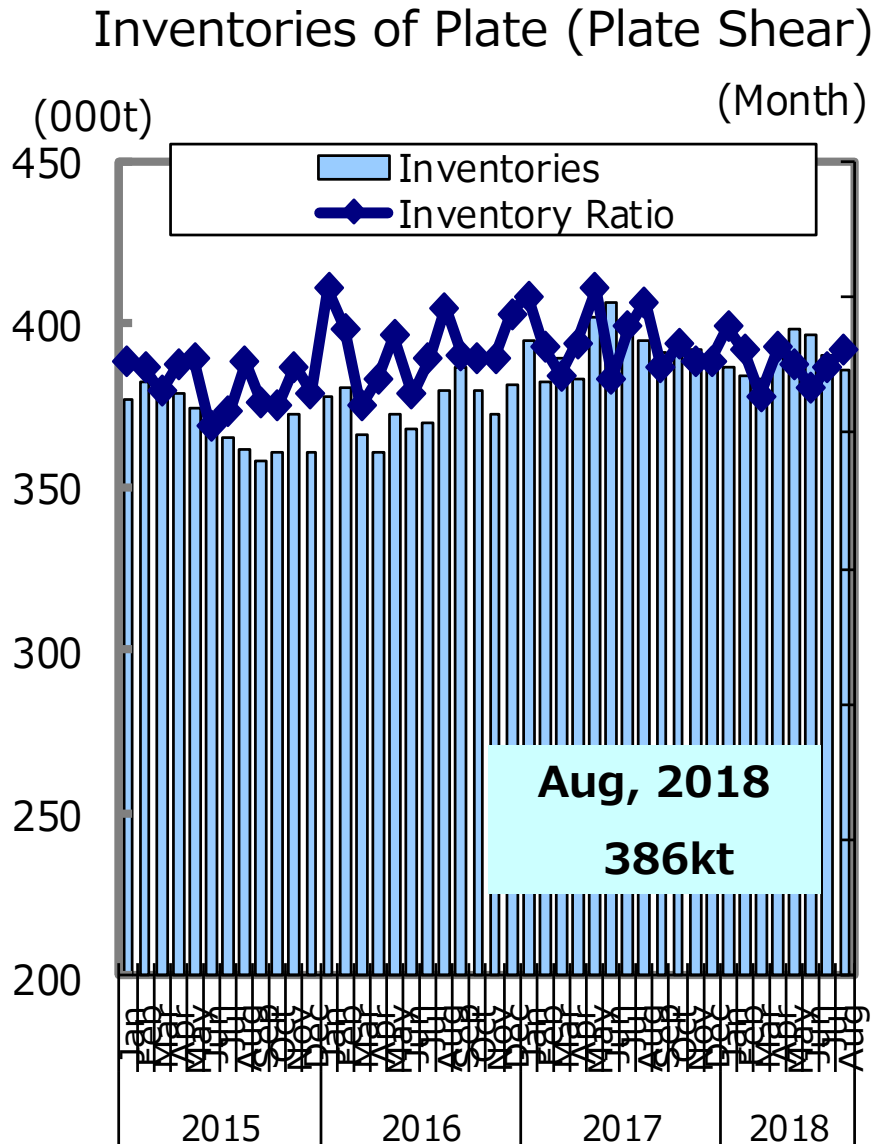
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Aug, 2018
4,390kt



Inventories of Plate (Plate Shear) and Wide Flange Shapes



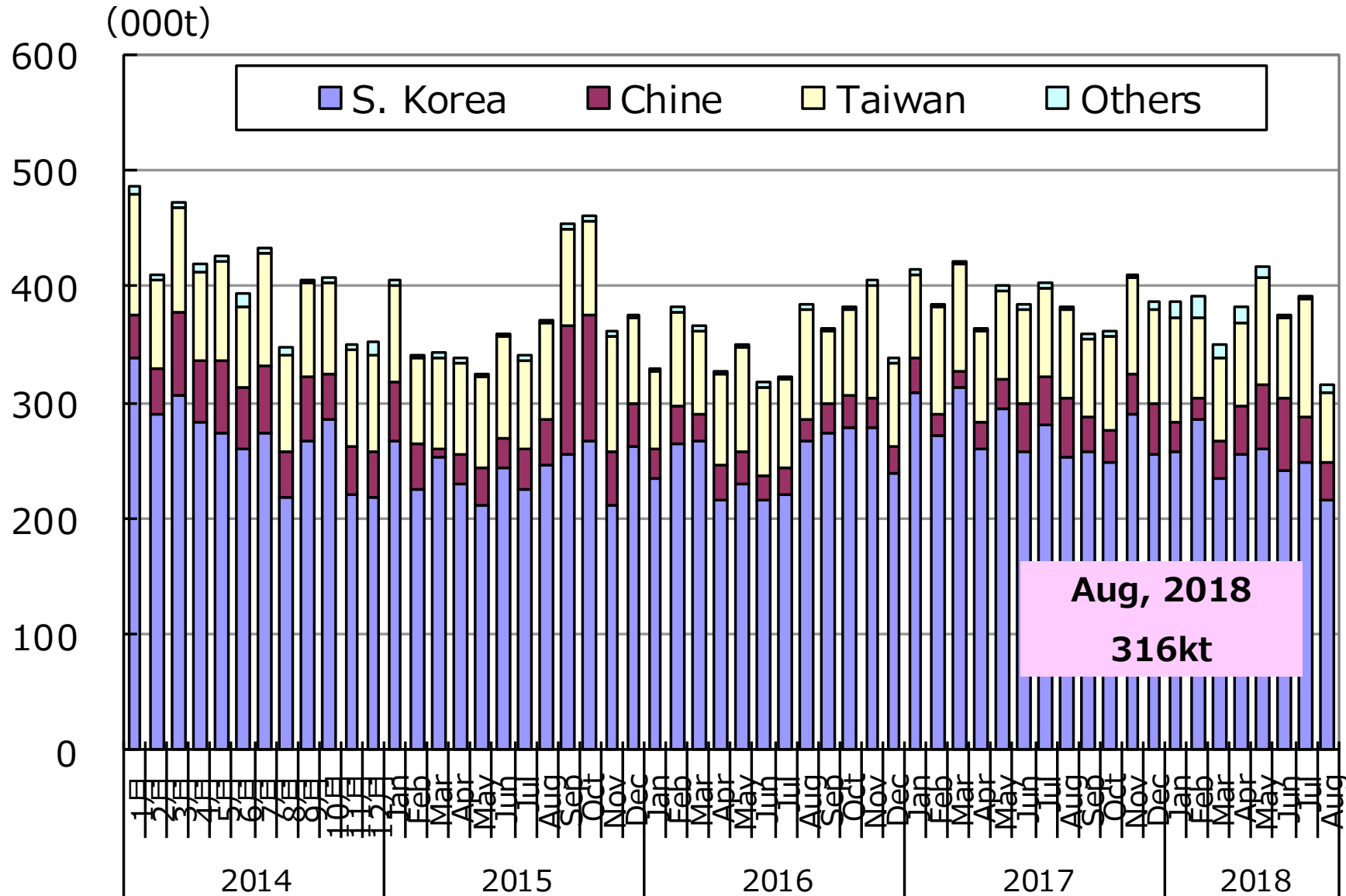


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Domestic Market Environment

Trend of Import Steel (Ordinary Steel)

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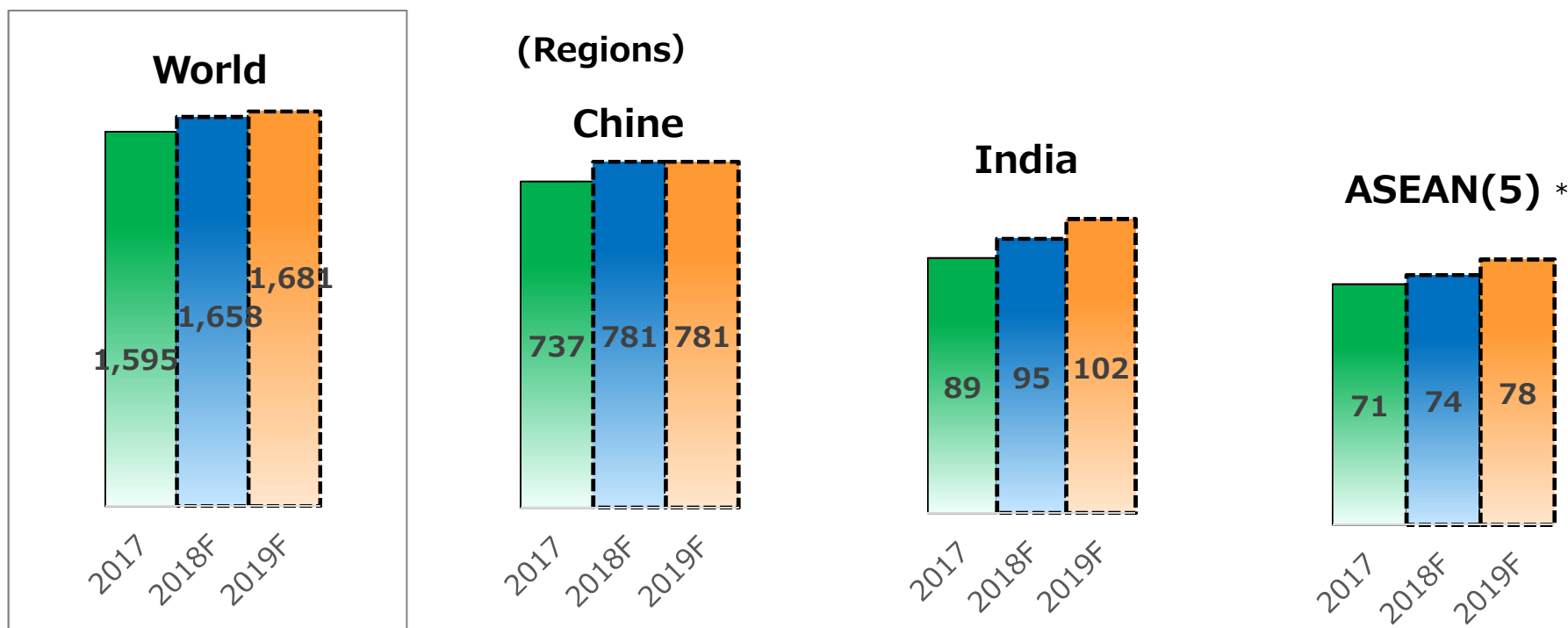


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Current Business Environment (Overseas)

- World steel demand is forecast to maintain upward trend with India and ASEAN's growth though China's growth rate is expected to slow down.
- Strong supply and demand environment is continuing in spite of unclear outlook for movement toward protectionism from US trade policy.

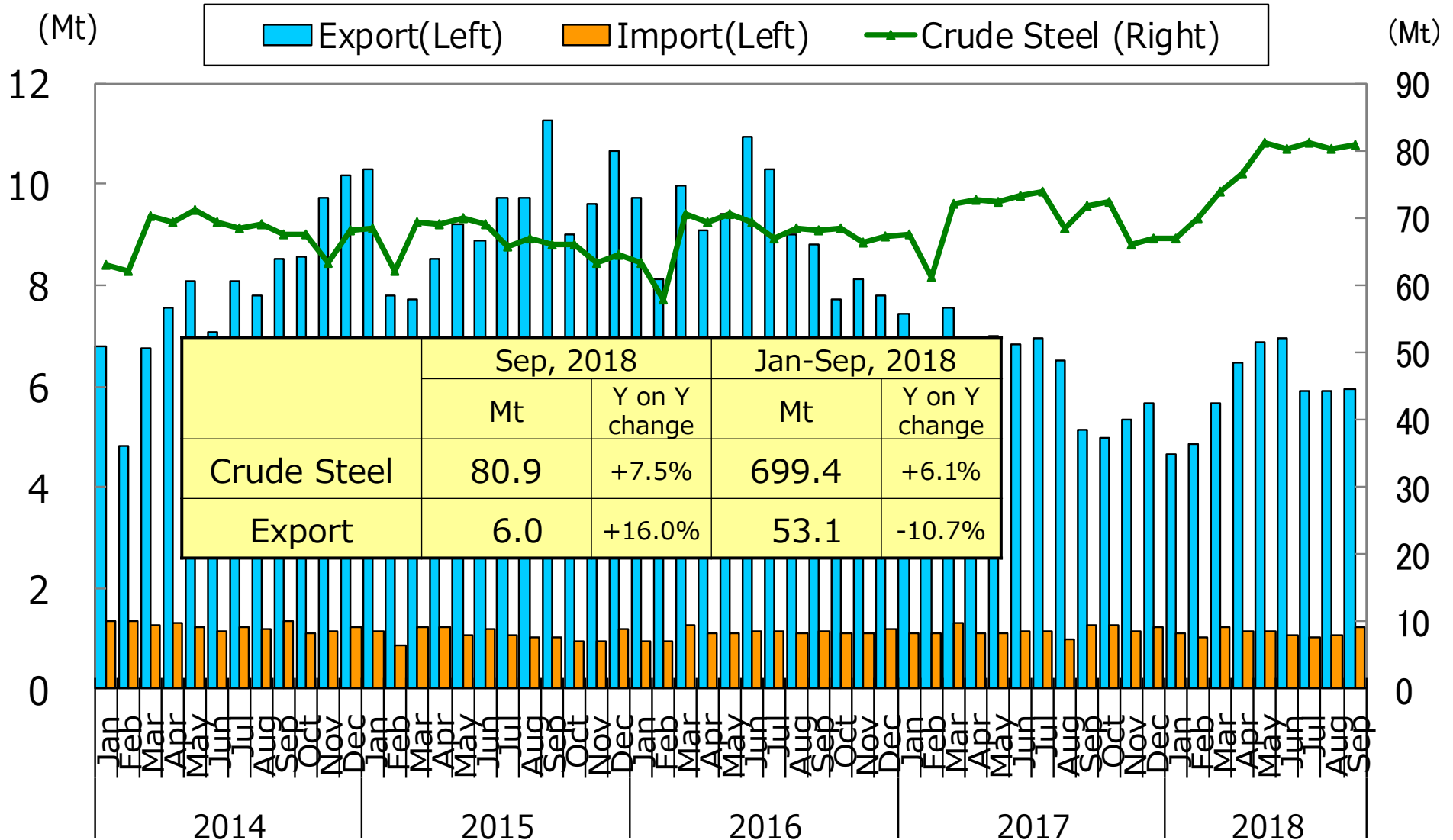
【World Steel Demand Outlook】 (Mt)



*ASEAN(5) Indonesia, Malaysia, Philippines, Thailand, Vietnam



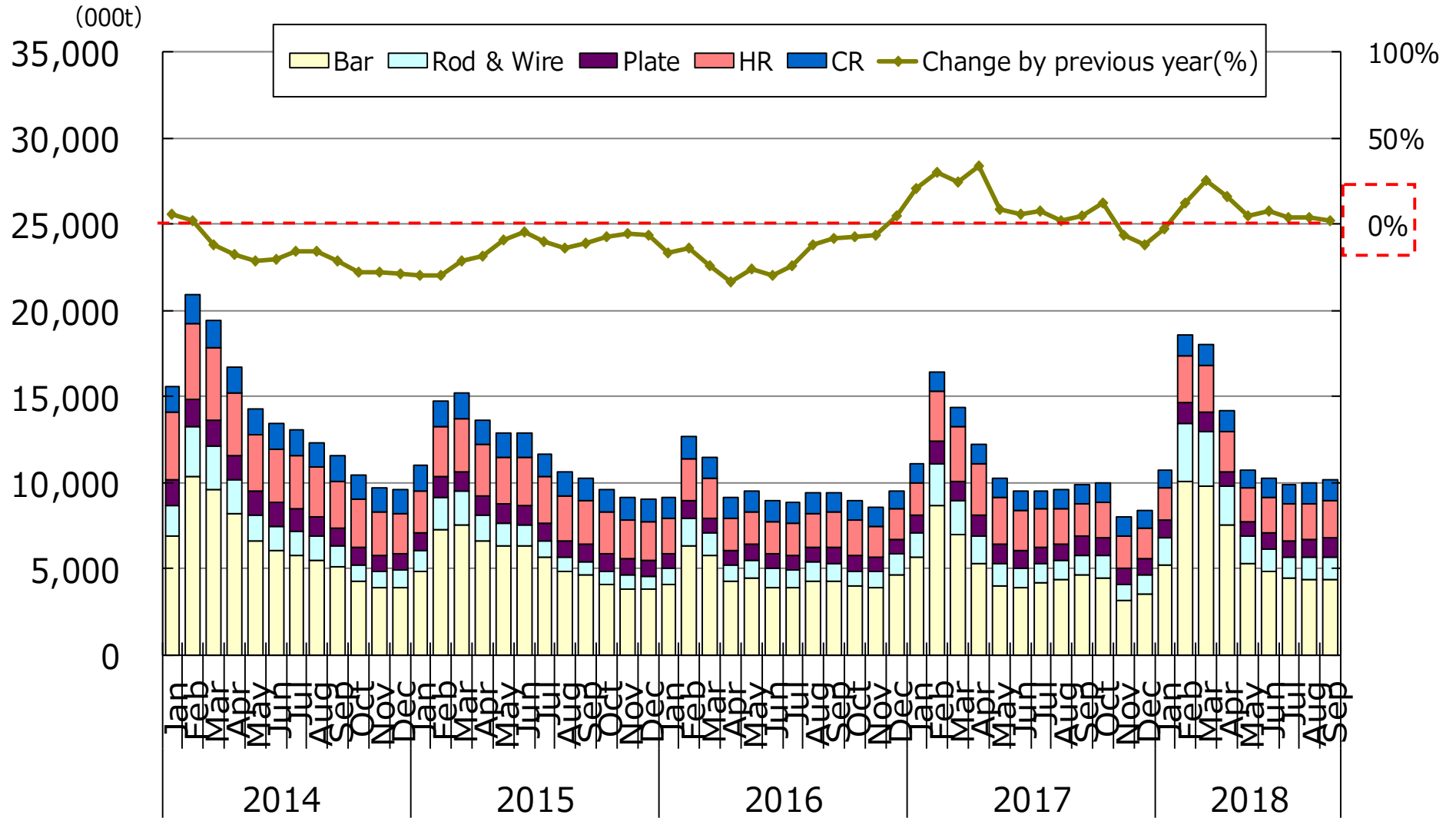
Crude Steel & Im/Export, China



*Crude Steel in Jan and Feb: WSA's estimation 21



Inventories in China by Products



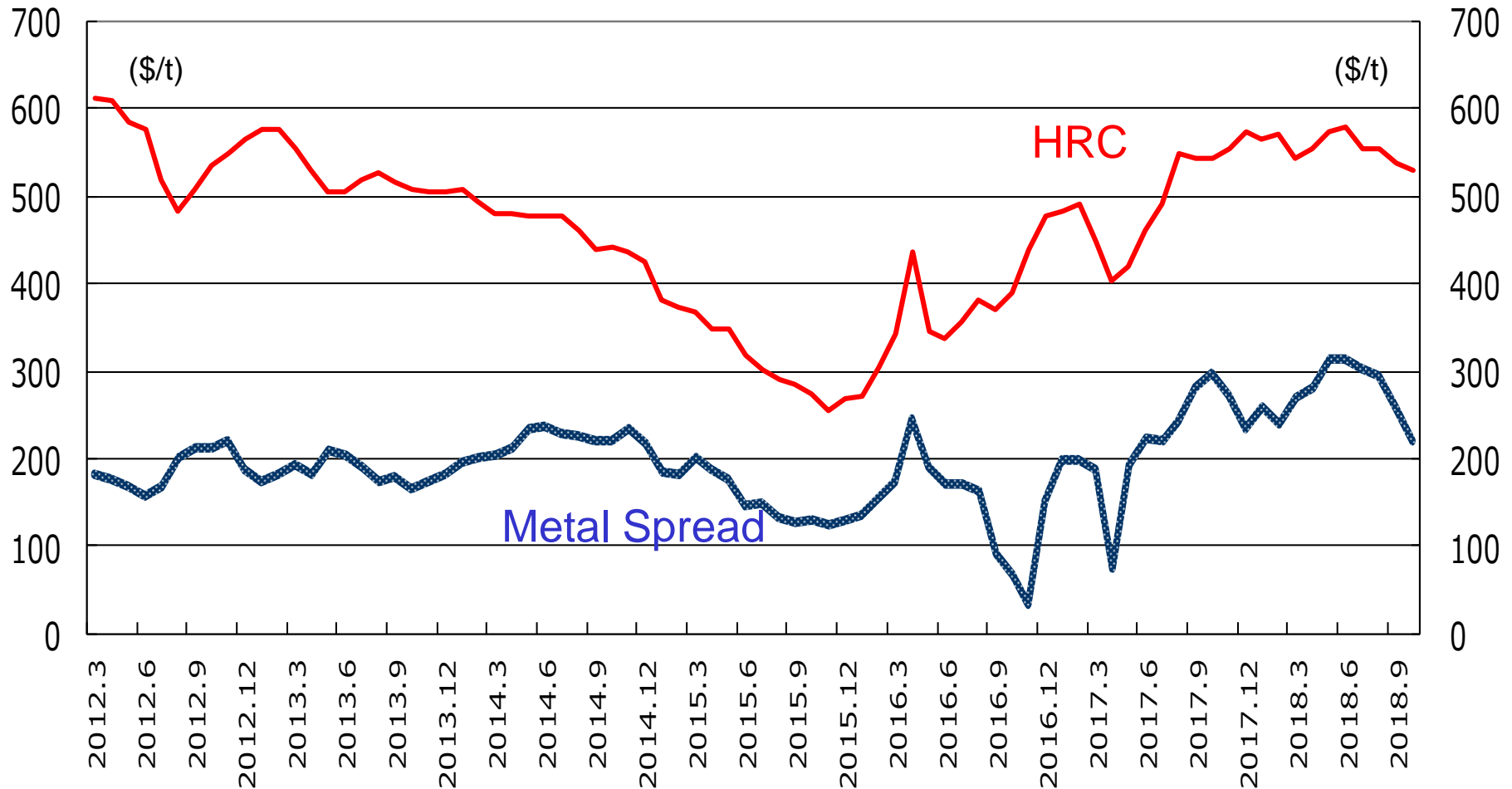


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Overseas Market Environment

Metal Spread Trend (Chinese Spot Basis)

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Metal Spread = HRC Price – Raw Materials Cost

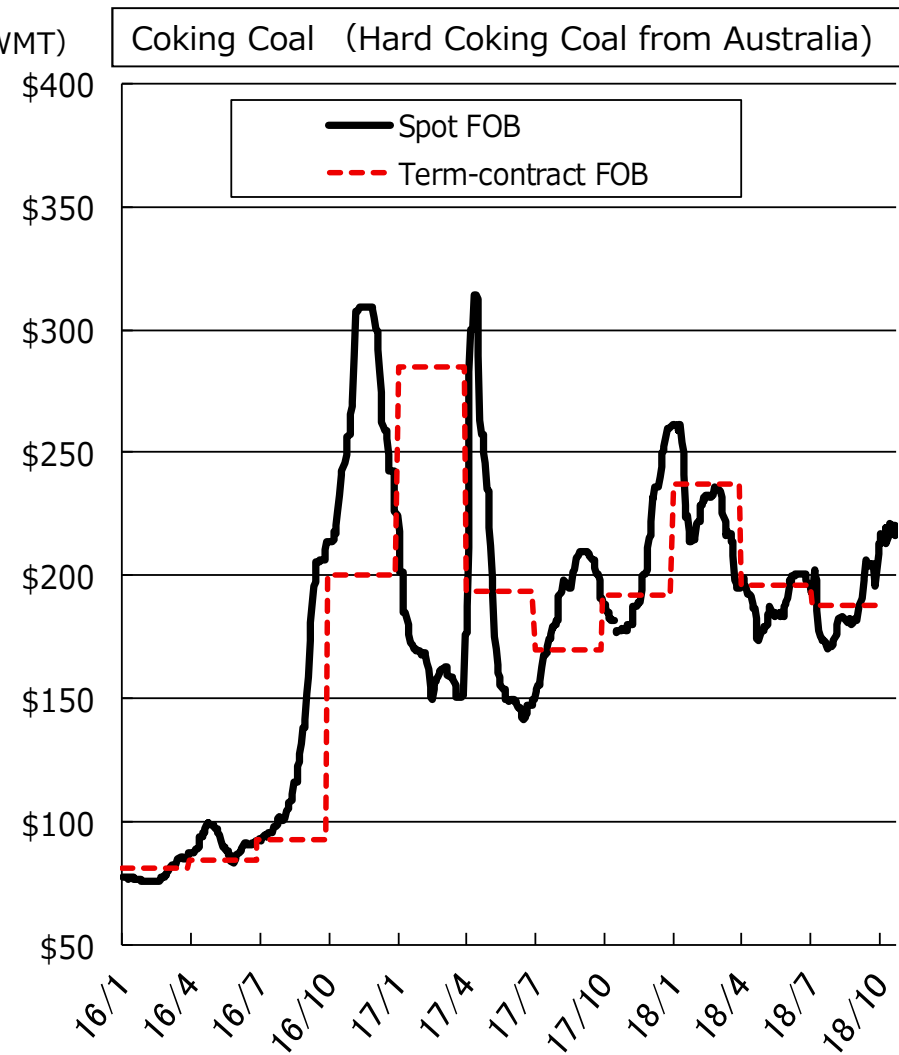
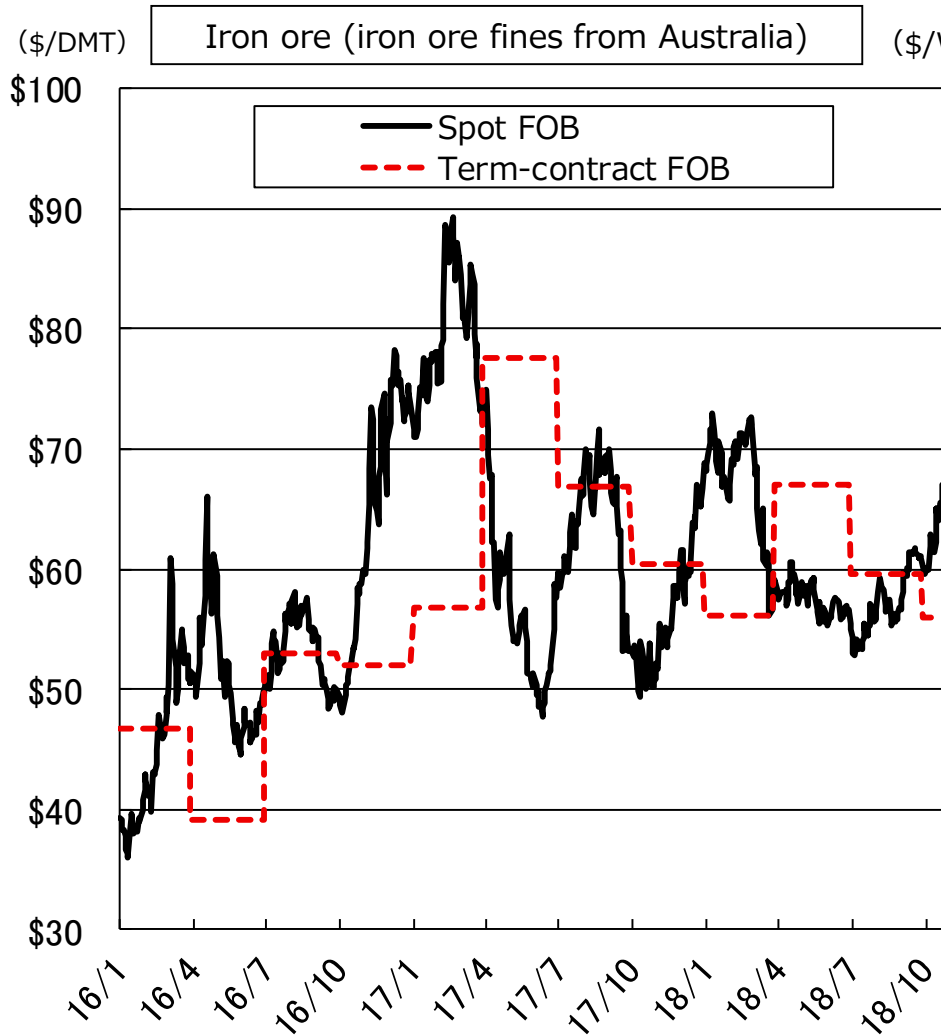
*HRC Price : Chinese Spot basis

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



Raw Materials

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



Financial Forecasts for FY2018 of JFE Steel

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		FY2017	FY2018				
		Full year Actual	1Q	2Q	1H	2H	Full year
			Actual	Actual	Actual	Forecast	Forecast
Net Sales	Billion Yen	2,715.4	685.9	700.7	1,386.6	1,493.4	2,880.0
Ordinary Income	Billion yen	198.8	64.4	49.7	114.1	75.9	190.0

Crude Steel (Standalone)	Mt	28.46	7.10	6.94	14.04	Approx. 14.00	Approx. 28.00
Exchange rate	¥/\$	111.2	108.1	110.9	109.5	110	110



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

(billion yen)

JFE Steel	FY17 Actual	FY18 Forecast	Change FY17→FY18
Ordinary Income	198.8	190.0	(8.8)

- **Cost reductions** + 15.0
 - **Volume and Mix** - 10.0
 - **Sales and Raw materials** + 82.0
 - **Metals, materials and others** - 55.0
 - **The cost of strengthening manufacturing capabilities** - 30.0
 - **Inventory valuation** - 10.0
 - **Others** - 0.8
-
- TOTAL** - 8.8



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

JFE Steel	FY2018 (Forecast)			Change 1H→2H
	1H (A)	2H (F)	Total	
Ordinary Income	114.1	75.9	190.0	(38.2)

(billion yen)

- Cost reductions + 5.0
 - Volume and Mix + 6.0
 - Sales and Raw materials - 10.0
 - Inventory valuation - 15.0
 - Others - 24.2
-
- TOTAL - 38.2**



• Increase in depreciation cost
 • Decrease in dividends received
 • Increase material cost including refractory and fuel etc.

JFE Engineering

Financial Forecasts

for Fiscal Year 2018



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Financial Forecasts for FY18 of JFE Engineering

(billion yen)

	FY2018 (Previous)		FY2018 (Updated)		Change	
	1H (F)	Full year	1H (A)	Full year	1H	Full year
Orders	290.0		271.8	500.0	(18.2)	
Net Sales	190.0		192.8	480.0	2.8	
Ordinary Income	5.0	25.0	6.9	22.0	1.9	(3.0)

【Change】

(Previous Forecast vs Actual Result of FY2018 1H)

- Orders: Decrease with delay of contracts
- Sales: Increase with good construction progress
- Ordinary income : Increase with increase in net sales and delay of incurring costs

(Previous Forecast vs Updated Forecast of FY2018)

- Ordinary income : Decrease with delay of contracts and increase in materials cost and construction cost



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Financial Forecasts for FY18 of JFE Engineering

(billion yen)

	FY2017 (Actual)		FY2018 (Updated)		Change	
	1H	Full year	1H	Full year	1H	Full year
Orders	222.2	495.5	271.8	500.0	49.6	4.5
Net Sales	160.2	391.3	192.8	480.0	32.6	88.7
Ordinary Income	2.5	19.3	6.9	22.0	4.4	2.7

【Change (Full year)】

- Sales: Increase with increase in orders in the previous year
- Ordinary income: Increase with increase in net sales etc.



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Classification of placed orders

(billion yen)

Category	FY2017 Actual	FY2018 Forecast	Change	Main Orders (FY2018 1H)
Environment	234.2	230.0	(4.2)	<ul style="list-style-type: none"> - Construction of waste incineration plants in Tottori and Shimane - 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	126.9	125.0	(1.9)	<ul style="list-style-type: none"> - Construction of the LNG station
Social Infrastructure etc.	134.4	145.0	10.6	<ul style="list-style-type: none"> - Construction of the bridges (Haruta No.3 bridge [Nagoya], Izushima bridge [Miyagi]) - Reconstruction of the bridges (Metropolitan expressway, Shibuya station west entrance pedestrian bridge) - Construction of the container cranes [Shizuoka, Kochi] - Construction of the smart-agriculture plant [Tochigi]
Total	495.5	500.0	4.5	



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Integration of waste treatment and recycle business subsidiary with TEPCO group ~ The largest recycle company in metropolitan area~

➤ Expand the business through utilizing technological synergies and sales network of JFE Engineering and TEPCO Group

JFE Engineering

Environmental and energy plant construction, O&M, Public infrastructure operation

TEPCO Fuel & Power

Power plant operation, O&M
Fuel procurement and treatment

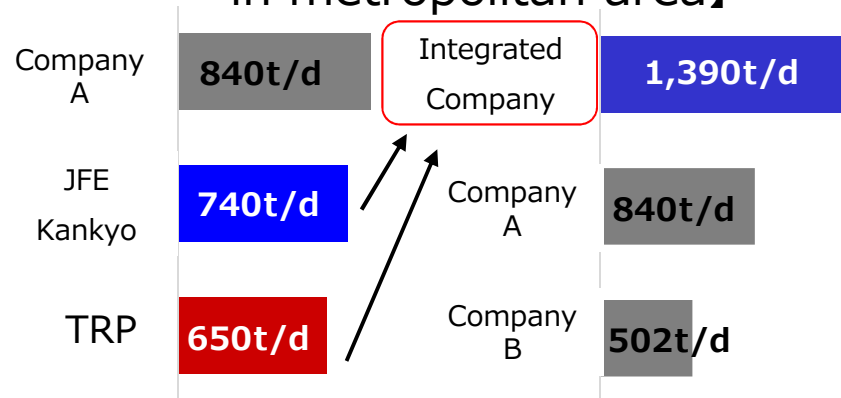
JFE Kankyo

Tokyo Waterfront Recycle Power (TRP)

Integrated Company (JFE Kankyo + TRP)

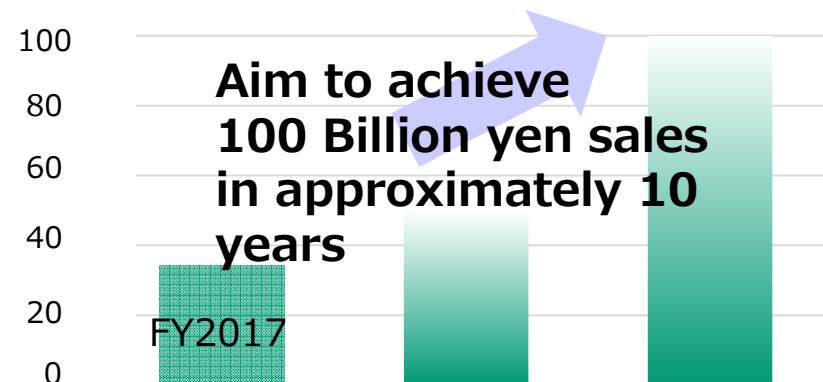
Integration date
April 1, 2019

【The largest incineration capacity in metropolitan area】



【Sales Target】

(Billion Yen)



JFE Shoji Trade Financial Forecasts for Fiscal Year 2018



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Financial Forecasts for FY2018 of JFE Shoji Trade

(billion yen)

	FY2018 (Previous)		FY2018 (Updated)		Change	Change
	1H (F)	Full year	1H (A)	Full year	1H	Full year
Net Sales	1,050.0		1,018.2	2,120.0	(31.8)	
Ordinary Income	18.5	35.0	19.1	35.0	0.6	0.0



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Financial Forecasts for FY2018 of JFE Shoji Trade

(billion yen)

	FY2017 (Actual)		FY2018 (Forecast)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	916.2	1,907.9	1,018.2	2,120.0	102.0	212.1
Ordinary Income	16.2	33.0	19.1	35.0	2.9	2.0

【Ordinary Income Change】

(Full year)

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



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Net Sales of JFE Shoji Trade (by Segment)

(billion yen)		FY2017 (Actual)		FY2018 (Forecast)		Change	
Domestic Business		966.9		1,080.0		113.1	
Overseas Business	Export	461.7	779.3	505.0	840.0	43.3	60.7
	Foreign Operation	317.6		335.0		17.4	
Raw Materials, Equipment etc.		161.7		200.0		38.3	
TOTAL		1,907.9		2,120.0		212.1	

JFE Holdings

Financial Forecasts

for Fiscal Year 2018



Financial Forecasts for Fiscal Year 2018

JFE

(billion yen)

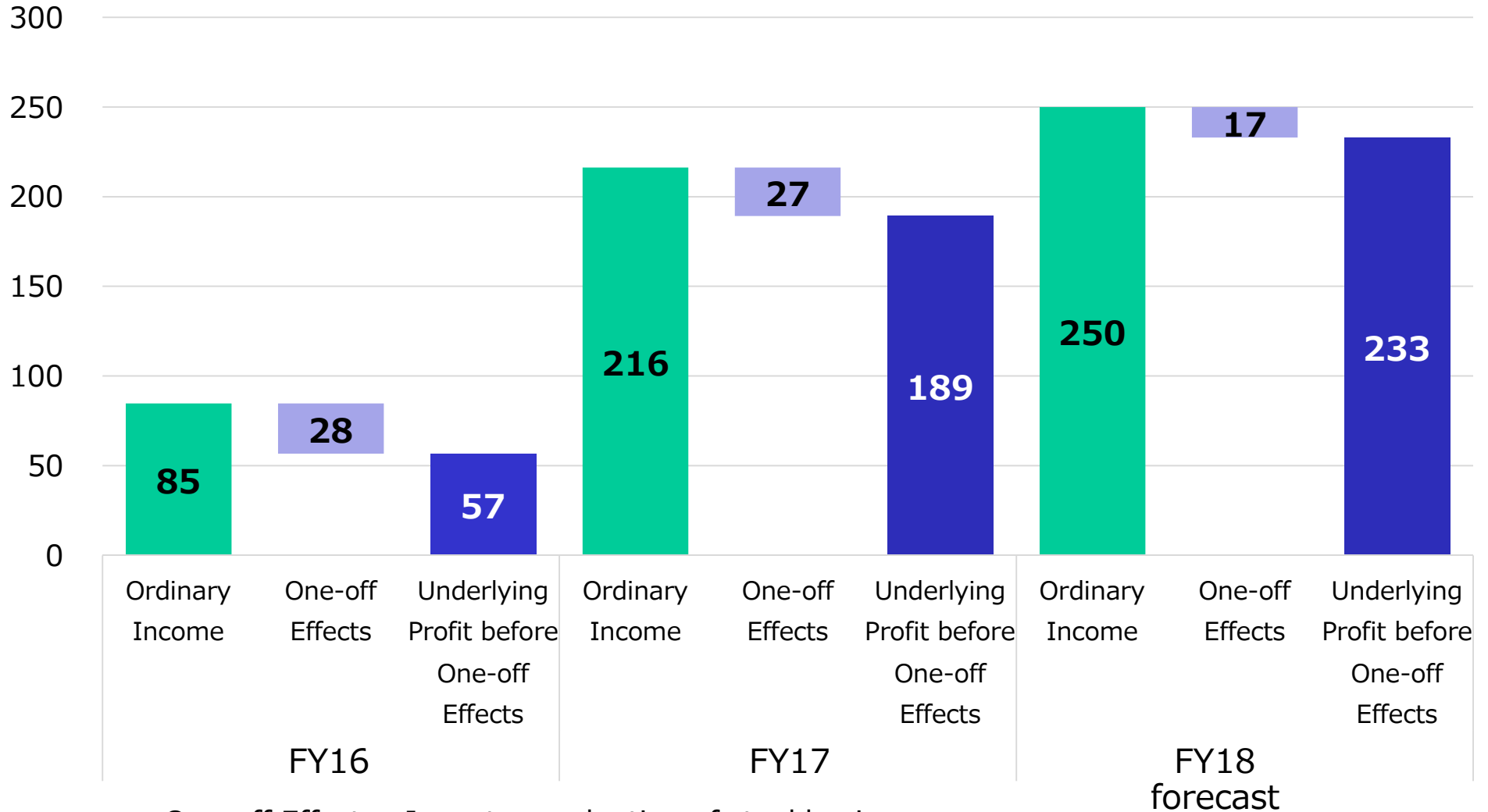
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	1H	Full year	1H	Full year		
Net Sales	1,725.3	3,678.6	1,907.2	4,000.0	181.9	321.4
Operating Income	96.5	246.6	116.3	220.0	19.8	(26.6)
Non-operating Income (Expenses)	4.9	(30.3)	27.1	30.0	22.2	60.3
Ordinary Income (Loss)	101.4	216.3	143.5	250.0	42.1	33.7
Extraordinary Profit (Loss)	19.3	(2.9)	–	–	(19.3)	2.9
Profit (Loss) before Income Taxes and Minority Interests	120.7	213.3	143.5	250.0	22.8	36.7
Tax Expense and Profit Attributable to Non-controlling Interests	(33.7)	(68.7)	(33.0)	(75.0)	0.7	(6.3)
Profit (Loss) Attributable to Owners of Parent	87.0	144.6	110.4	175.0	23.4	30.4



Underlying Profit before One-off Effects

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(billion yen)

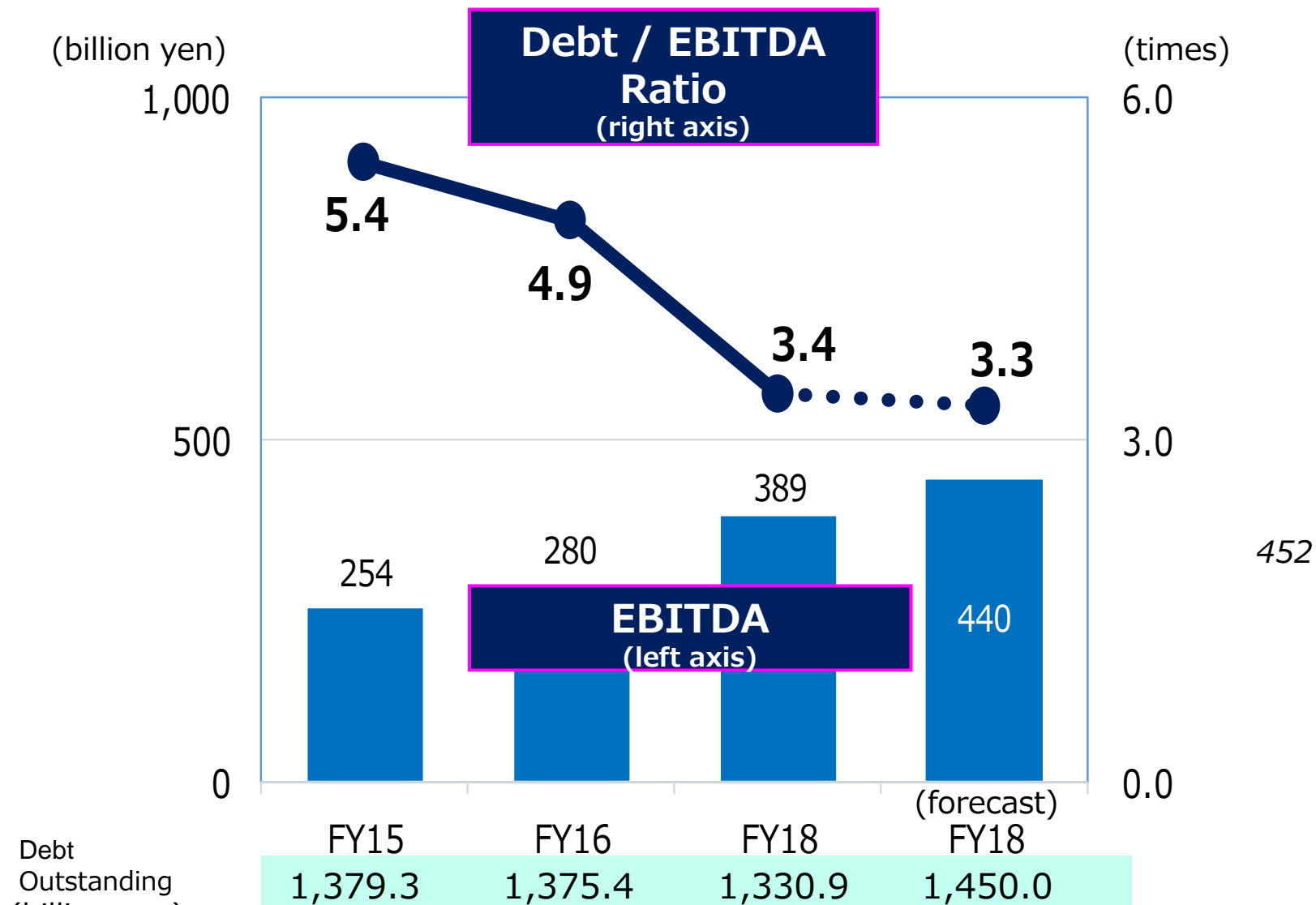


* One-off Effects : Inventory valuation of steel business



Debt / EBITDA Ratio

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Debt Outstanding (billion yen)

- EBITDA = Ordinary income + Interest expense + Depreciation and Amortization
- Debt / EBITDA = Debt Outstanding / EBITDA



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Cash Flow Forecast for FY2018

(billion yen)

Source		Usage	
Net Income	175	Dividends	55
		Capex, Investments	320
Depreciation	180	Working Capital etc.	100
Debt	120		

Dividends

Dividends

- JFE Holdings has decided at its board of directors to pay an interim dividend of 45 yen per share.
- The company maintain the plan to pay a year end dividend of 50 yen per share, making a total annual dividend of 95 yen per share



(Topic) JFE Group Report 2018 and IT Report

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English version will be available on the company's website in November

JFE Group Report 2018

Group Report provides overview of JFE's sustainable value creation by consolidating medium-term to long-term management and business strategies, ESG initiatives and financial information.



JFE GROUP REPORT 2018

JFE GROUP IT REPORT

IT Report provides overview of JFE's competitive IT strategies by offering various practices of taking advantages of advanced IT technology.



Appendix



JFE

Main Financial Data

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(Forecast)

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
(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	250.0
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	440.0
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%	6.3%
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%	8.7%
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%	5.8%
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	1,450
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	x3.3
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%	58.1%	60.8%
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	303.8
Dividend (yen/share)	30	120	90	20	35	20	20	40	60	30	30	80	95
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%	31.3%

*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

*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)

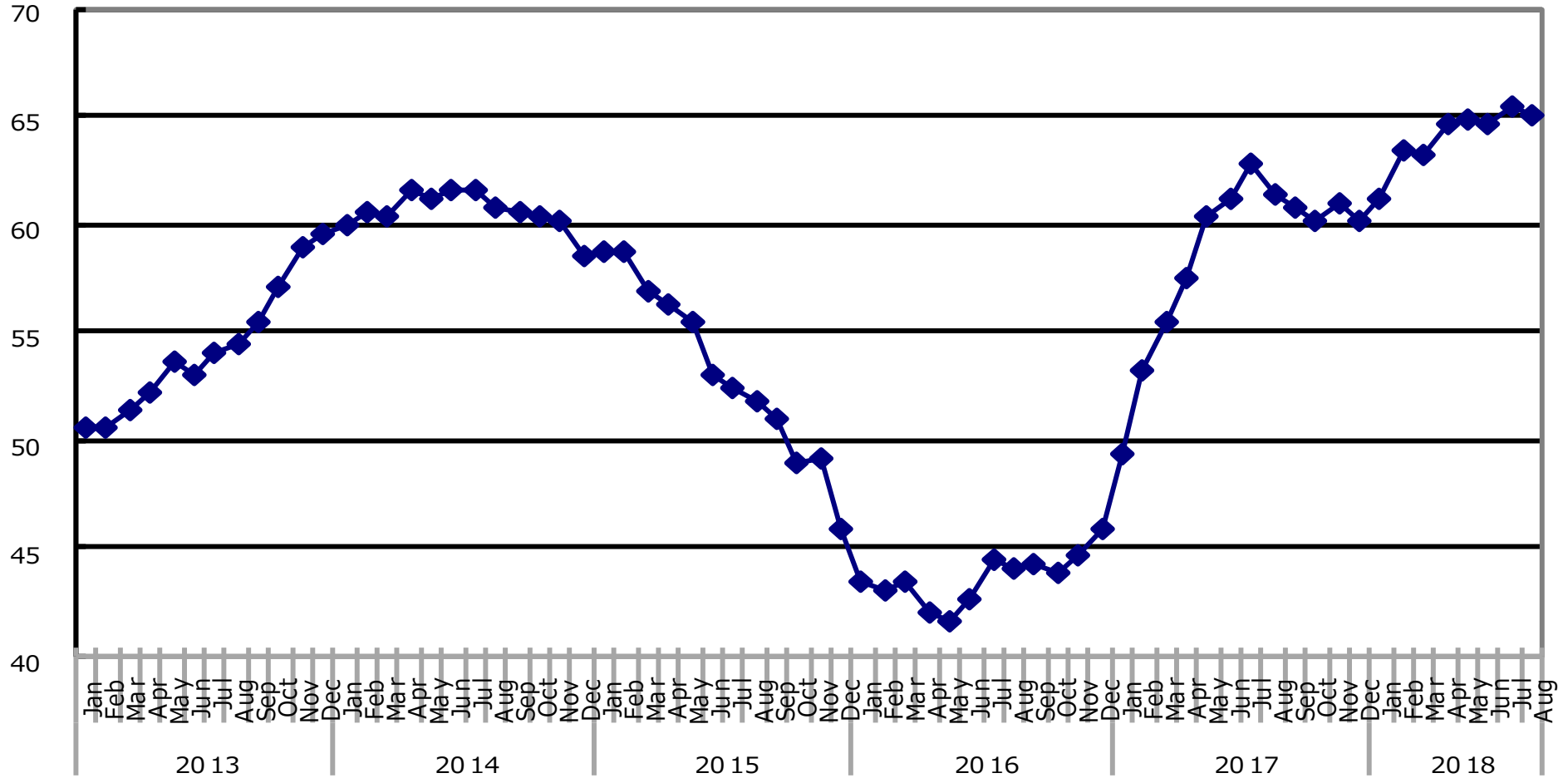
Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
June 30, 2016	200.0 billion yen	25%	50.0 billion yen
March 19, 2018	300.0 billion yen	25%	75.0 billion yen



Price Trend of Import Steel

JFE

(000 yen/ton)



Data: Japanese Steel Association
Import Steel from S. Korea



JFE

(¢/lb)



(U\$/t) Zn



(U\$/t) FeMn

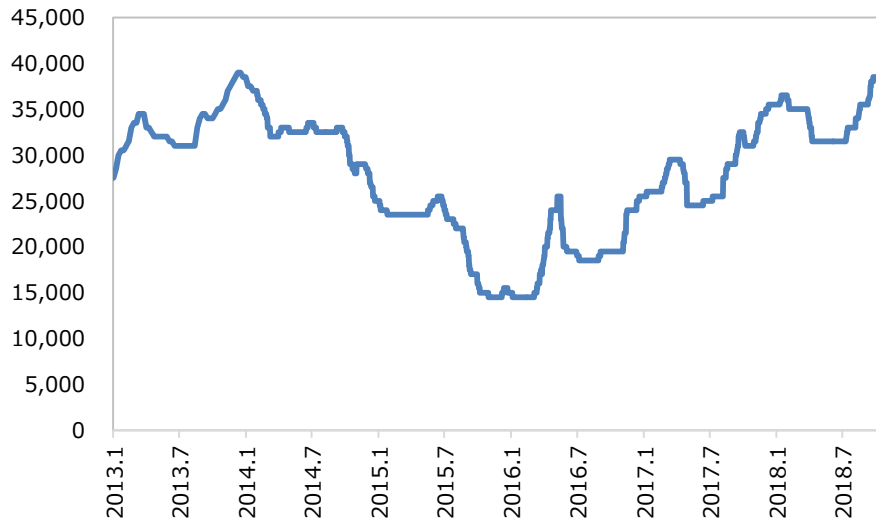


(U\$/lb) Mo

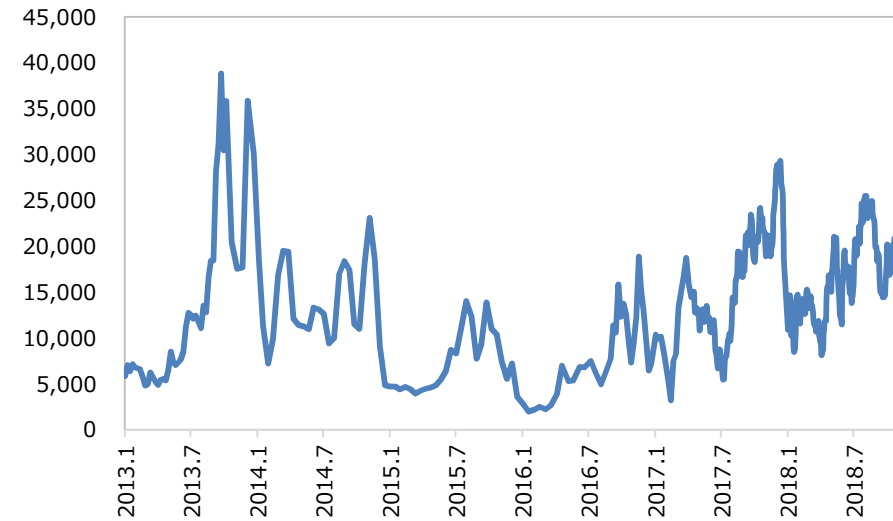




(yen/t) Scrap



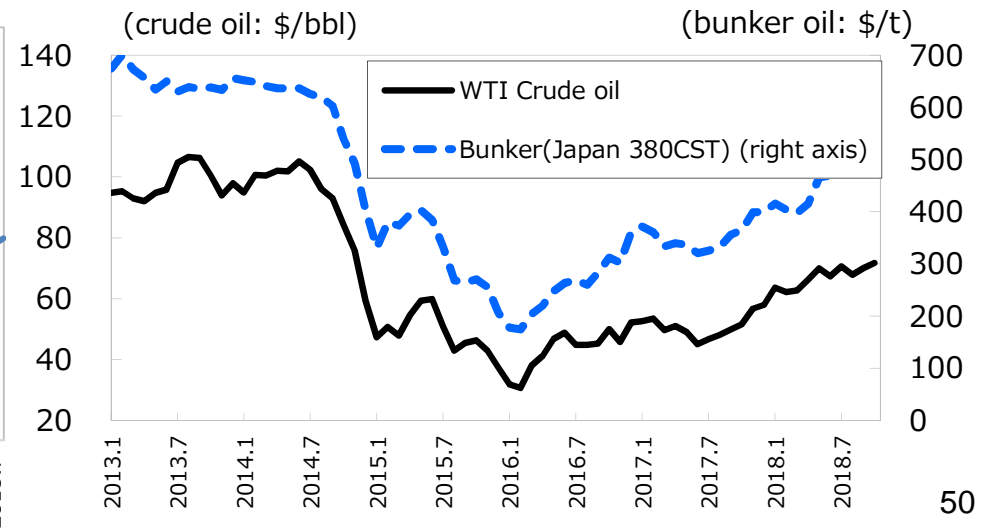
(\$/day) Spot Bulker



(yen/t) LNG Price



Oil



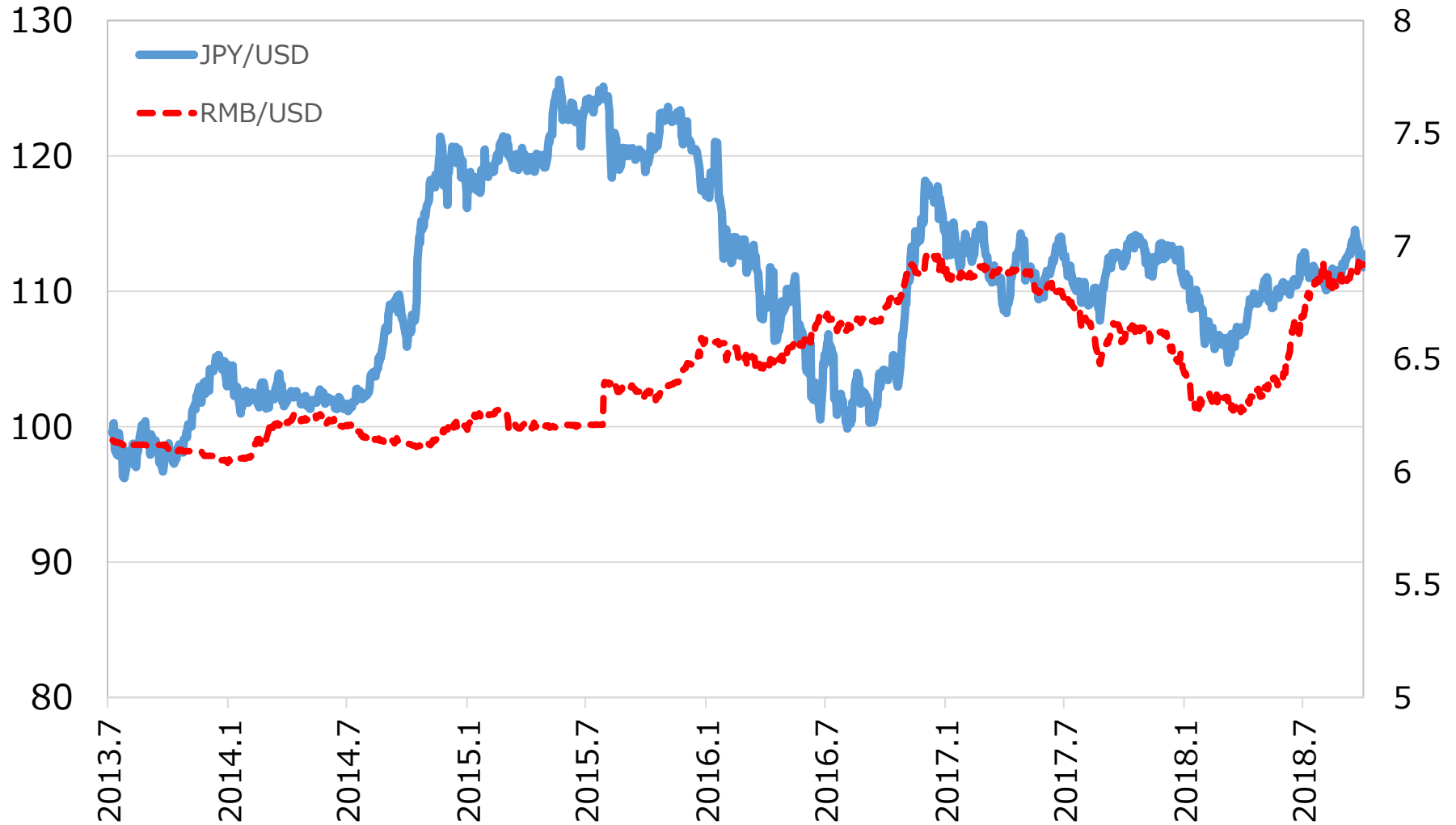


Trend of exchange rate (USD against JPY RMB)

JFE

(JPY/USD)

(RMB/USD)





JFE

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

JFE Steel	FY2018 (Actual)			Change 1Q→2Q
	1Q	2Q	1H	
Ordinary Income	64.4	49.7	114.1	(14.7)

(billion yen)

- Cost reductions - 3.0
- Volume and Mix - 7.0
- Sales and Raw materials + 16.0
- Inventory valuation - 2.0
- Others - 18.7

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

TOTAL - 14.7



JFE

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

(billion yen)

JFE Steel	FY17 2H Actual	FY18 1H Actual	Change FY17 2H→FY18 1H
Ordinary Income	114.2	114.1	(0.1)

- Cost reductions ± 0.0
- Volume and Mix - 9.0
- Sales and Raw materials + 31.0
- Inventory valuation - 2.0
- Others - 20.1 ⇒

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

TOTAL - 0.1



JFE

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