



JFE Group

*Capturing Growth Opportunities
in Global Market*

JFE Holdings, Inc.

October, 2014



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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



Financial Results in First Half of Fiscal Year 2014



FY2014 1H (Apr-Sep) Financial Results

Announced on Oct. 28, 2014
(billion yen)

	FY2013 1H	FY2014 1H	Change
Net Sales	1,728	1,848	119
Operating Income	59	82	23
Non-Operating Income	15	9	-5
Ordinary Income	74	91	17
Extraordinary Loss	-3	-7	-3
Income before Income Taxes and Minority Interests	70	84	14
Income Taxes and Minority Interests	-22	-32	-9
Net Income	47	52	4



FY2014 1H (Apr–Sep) Financial Results (by Segment)

Announced on Oct 28, 2014

(billion yen)

	FY2013 1H	FY2014 1H	Change
Steel	1,294	1,424	129
Engineering	107	144	37
Trading	855	946	90
Adjustments	-529	-667	-137
Net Sales	1,728	1,848	119
Steel	55	77	21
Engineering	2	0	-2
Trading	10	11	1
Adjustments	5	2	-3
Ordinary Income	74	91	17



Financial Forecast for Fiscal Year 2014 Ending March 31, 2015



Financial Forecast for FY2014

Announced on Oct. 28, 2014

(billion yen)

	FY2014 (previous)		FY2014 (current)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	1,900		1,848	3,900	-52	
Operating Income	70		82	200	12	
Non-Operating Income	0		9	0	9	
Ordinary Income	70	180	91	200	21	20
Extraordinary Loss	-7		-7	-10	0	
Income before Income Taxes and Minority Interests	63		84	190	21	
Income Taxes and Minority Interests	-23		-32	-70	-9	
Net Income	40		52	120	12	

ROS

3.7%

5.0%

5.1%

1.3%



Financial Forecast for FY2014

Announced on Oct. 28, 2014

(billion yen)

	FY2013		FY2014 (e)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	1,728	3,667	1,848	3,900	119	233
Operating Income	59	153	82	200	23	46
Non-Operating Income	15	20	9	0	-5	-20
Ordinary Income	74	173	91	200	17	26
Extraordinary Loss	-4	-13	-7	-10	-3	3
Income before Income Taxes and Minority Interests	70	160	84	190	14	29
Income Taxes and Minority Interests	-23	-58	-32	-70	-9	-11
Net Income	47	102	52	120	4	17
ROS	4.3%	4.7%	5.0%	5.1%	0.7%	0.4%



Financial Forecast for FY2014 (by Segment)

Announced on Oct. 28, 2014

(billion yen)

	FY2013		FY2014 (e)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Steel	1,294	2,691	1,424	2,910	129	218
Engineering	107	284	144	360	37	75
Trading	855	1,781	946	2,010	90	228
Adjustments	-530	-1,090	-667	-1,380	-137	-289
Net Sales	1,728	3,666	1,848	3,900	119	233
Steel	55	126	77	160	21	33
Engineering	2	18	0	16	-2	-2
Trading	10	21	11	24	1	2
Adjustments	5	7	2	0	-3	-7
Ordinary Income	74	173	91	200	17	27



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JFE Steel

Production and Shipment

■ Crude Steel Production and Shipment (Mt)

	FY2013			FY2014	B-A	FY2014
	1H A	2H	Full Year	1H (A) B		1H (Estimate)
Crude Steel	14.2	14.3	28.6	14.5	0.2	14.6
Shipment	12.5	12.9	25.5	13.0	0.4	13.3

ASP (000yen/t) 74.6 76.8 75.7 76.7 2.1 76

Exchange Rate 98.0 101.5 99.8 102.5 4.5 102

■ Consolidated Basis (Mt)

Crude Steel	15.7	15.8	31.5	15.8	0.1	16.1
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Financial Results in First Half of FY2014

(Billion yen)

JFE Steel	FY2013			FY2014	Change	FY2014 1H (E) C	Change B-C
	1H A	2H	Full Year	1H (A) B	B-A		
Net Sales	1,294	1,396	2,691	1,424	129	1,440	▲ 16
Ordinary Income	55	70	126	77	21	60	17
ROS	4.3%	5.0%	4.7%	5.4%	1.1%	4.2%	1.2%



16 Billion Yen increase in JFE Steel's Ordinary Income (FY14 1Q (Apr to Jun) vs. 2Q (Jul to Sep))

(billion yen)

JFE Steel	FY2014			Change 1Q to 2Q
	1Q (Apr-Jun)	2Q (Jul-Sep)	1H (A)	
Ordinary Income	30	46	77	+ 16

- Cost reduction + 2
- Sales and Raw materials + 15
- Forex + 10
- Others - 11

⇒ Decline in price of raw materials,
Increase in sales etc.

TOAL + 16



17 Billion Yen increase in JFE Steel's Ordinary Income (FY14 1H (E) vs. FY14 1H (A))

(Billion yen)

JFE Steel	FY2014 1H Estimate	FY2014 1H Actual	Change
Ordinary Income	60	77	+ 17

- Sales and Raw materials + 6
- Cost reduction + 10
- Others + 1

TOTAL + 17



7 Billion Yen Increase in JFE Steel's Ordinary Income (FY2013 2H (A) vs. FY 2014 1H (A))

(Billion year)

JFE Steel	FY2013 2H Actual	FY2014 1H Actual	Change
Ordinary Income	70	77	+ 7

- Cost reduction + 10
- Sales + 25
- Inventory valuation - 20
- Price hike and Others - 8



Decline in price of raw materials etc.

TOTAL + 7



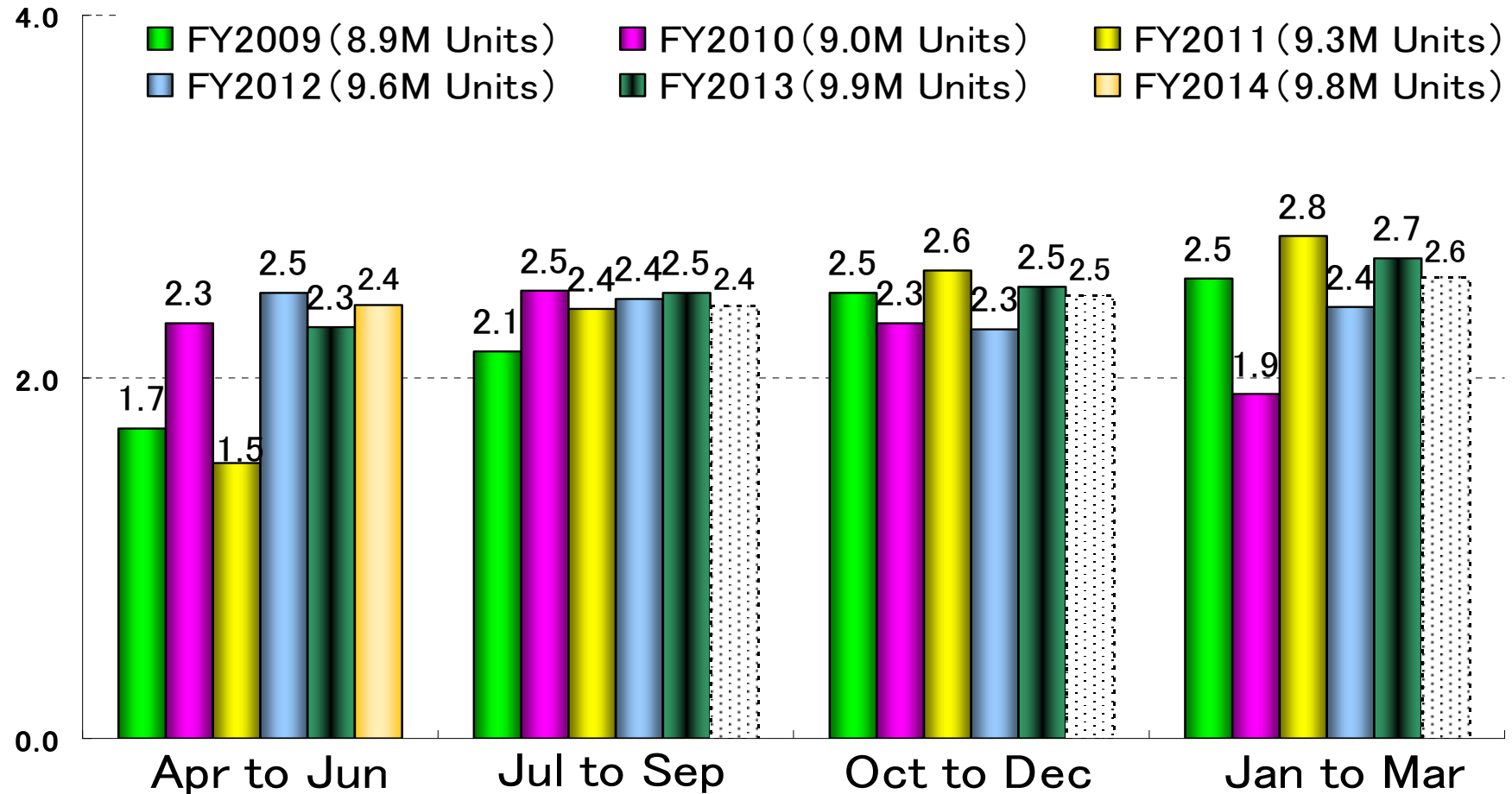
Domestic

JFE Steel

Business Environment (Auto Production)

JFE

(million units)



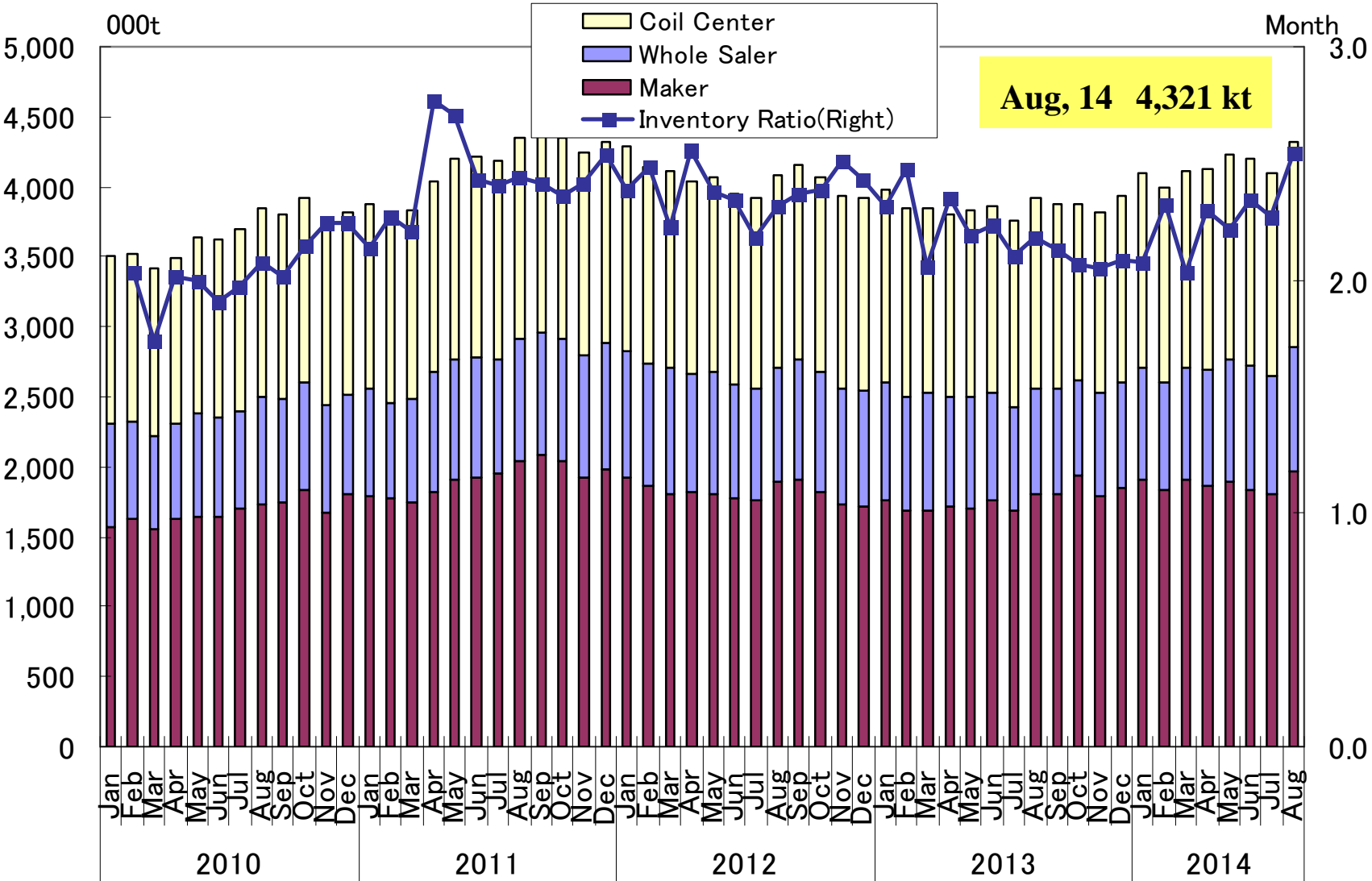
JFE estimate



Domestic

Combined Inventories of HR, CR and Coated Steel Sheet

JFE Steel

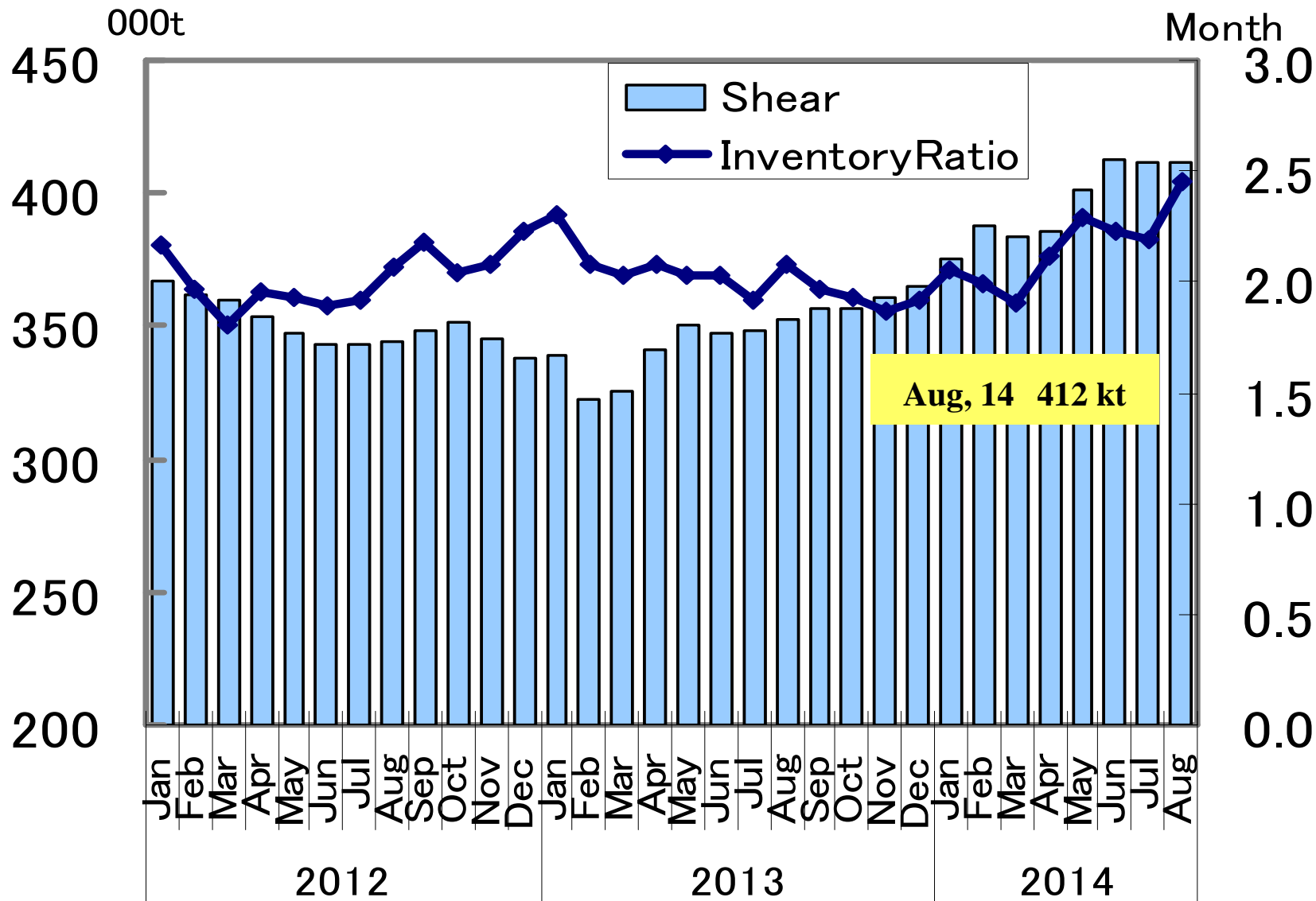




Domestic

Inventories of Plate (Plate Shear)

JFF



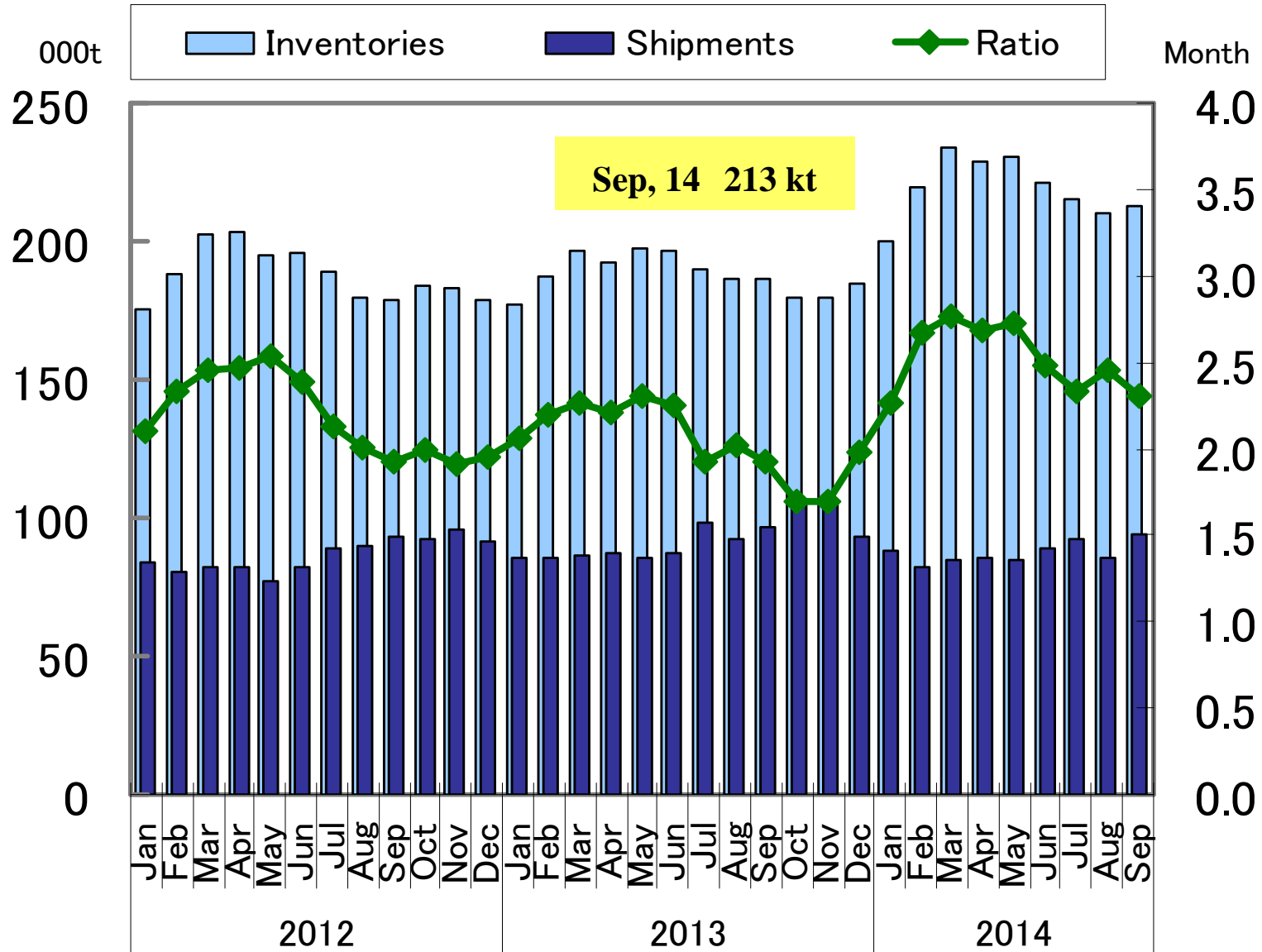


Domestic

JFE Steel

Inventories of Wide Flange Shapes

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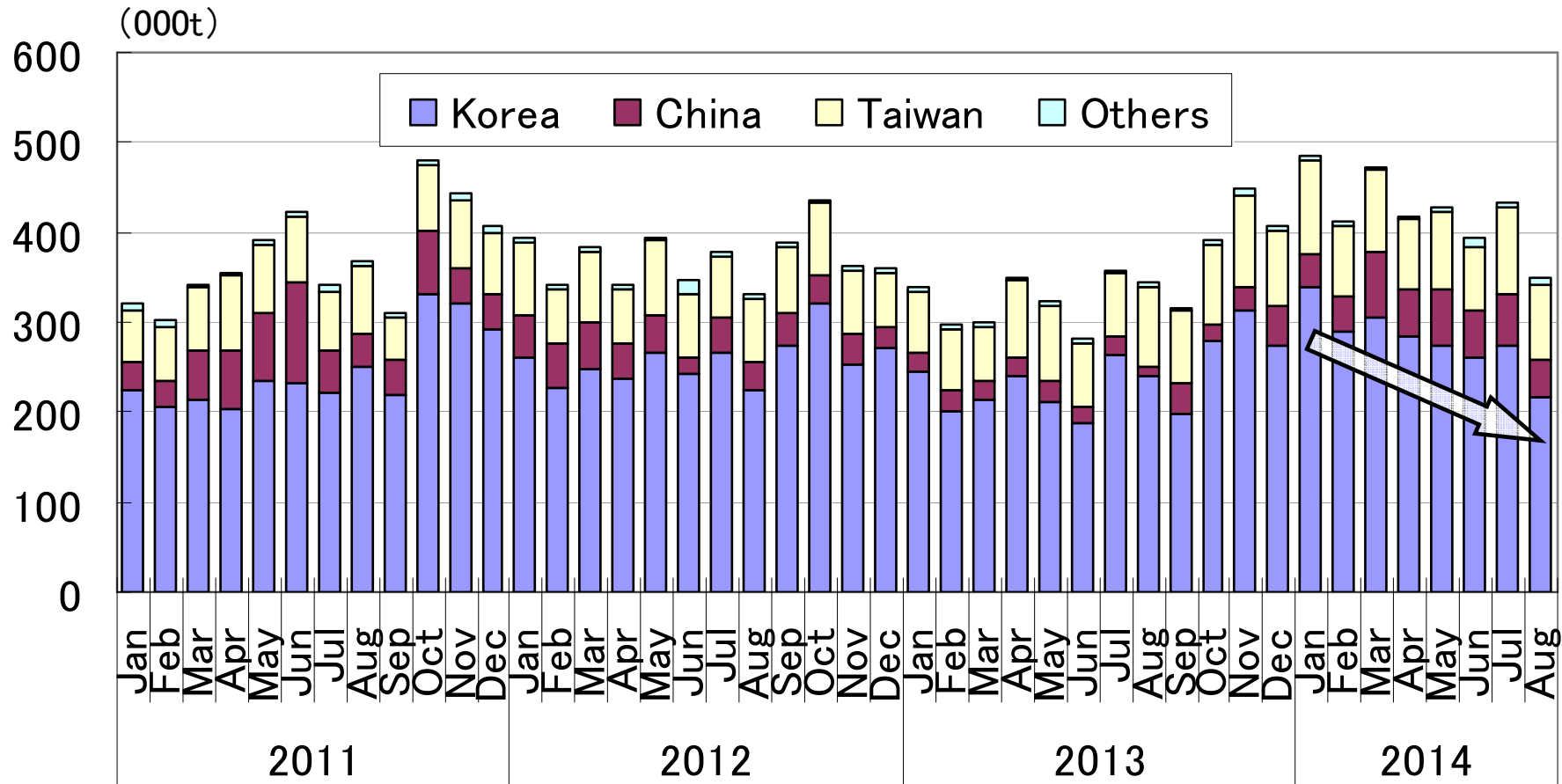




Domestic

Trend of Import Steel

■ Countries (Ordinary Steel)





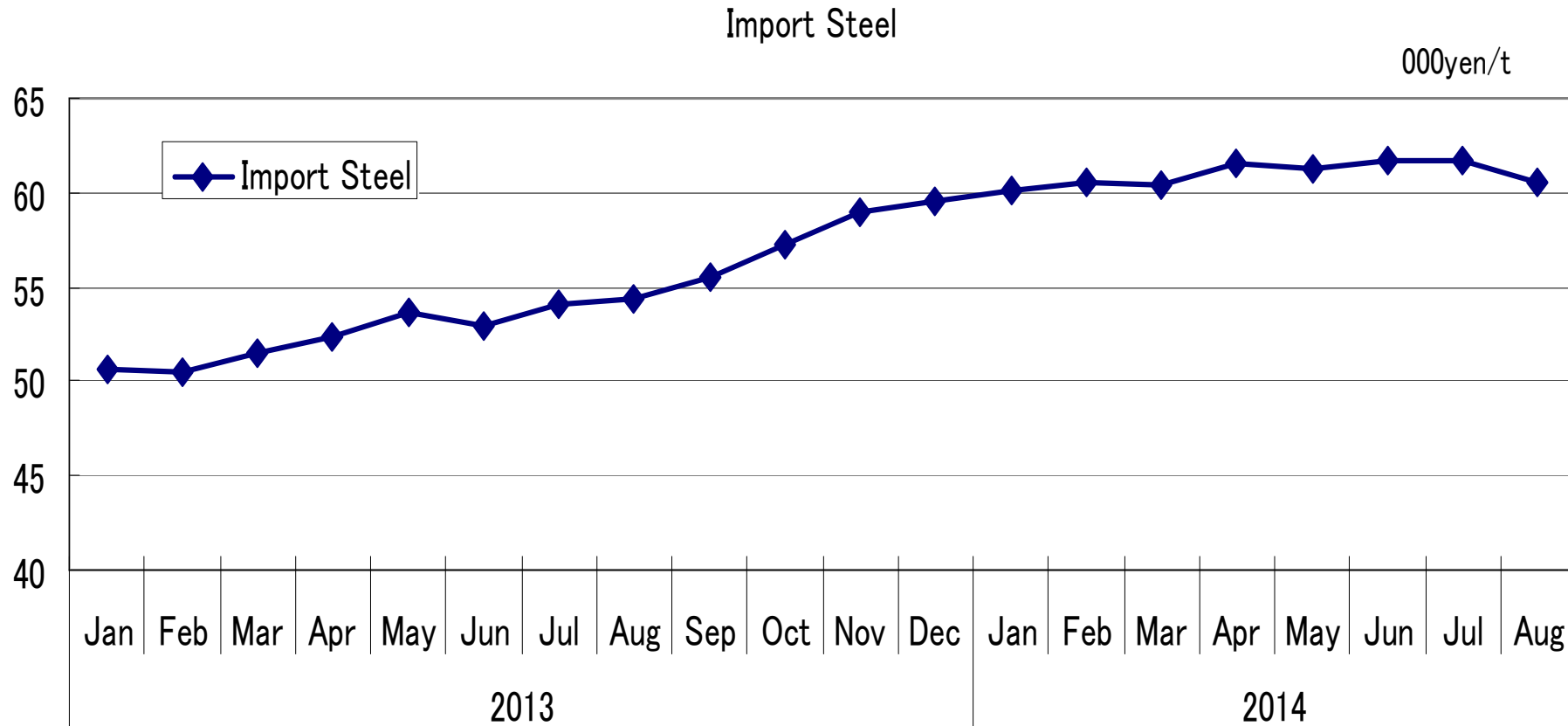
Domestic

JFE Steel

Price Trend of Import Steel

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HRC Price imported from Korea increased by almost 10 thousand yen/ton over the last 20 months.



DATA: Japanese Steel Association
Import Steel from Korea



Export

Crude Steel & Im/Export, China

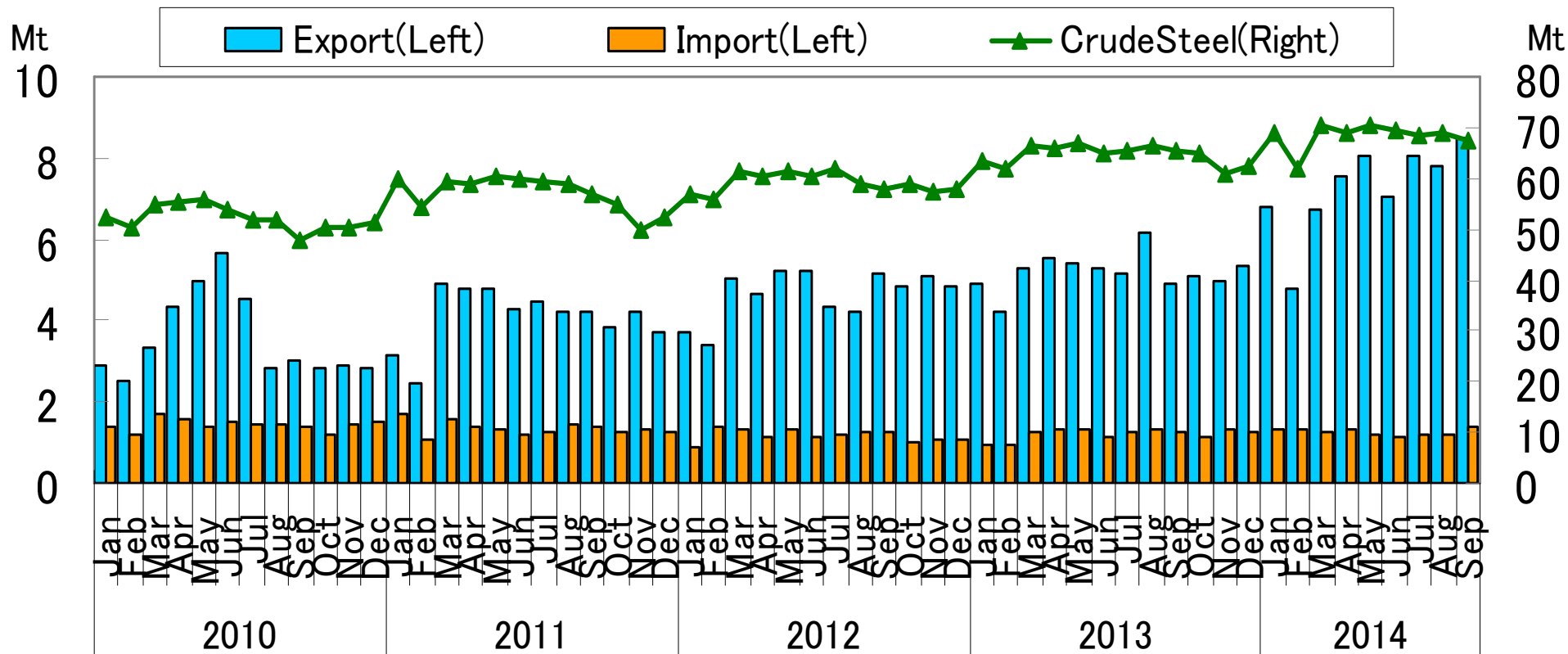
JFE

Crude steel production (Mt)

June, 2014: 69.3Mt, July, 2014: 68.3Mt, Aug,2014:68.9, Sep:67.5

Production per day: Apr.: 2.29, May: 2.27, June: 2.31 (record-high), July: 2.2, Aug: 2.2, Sep: 2.3

Export (Mt) Sep., 2014: 8.52Mt



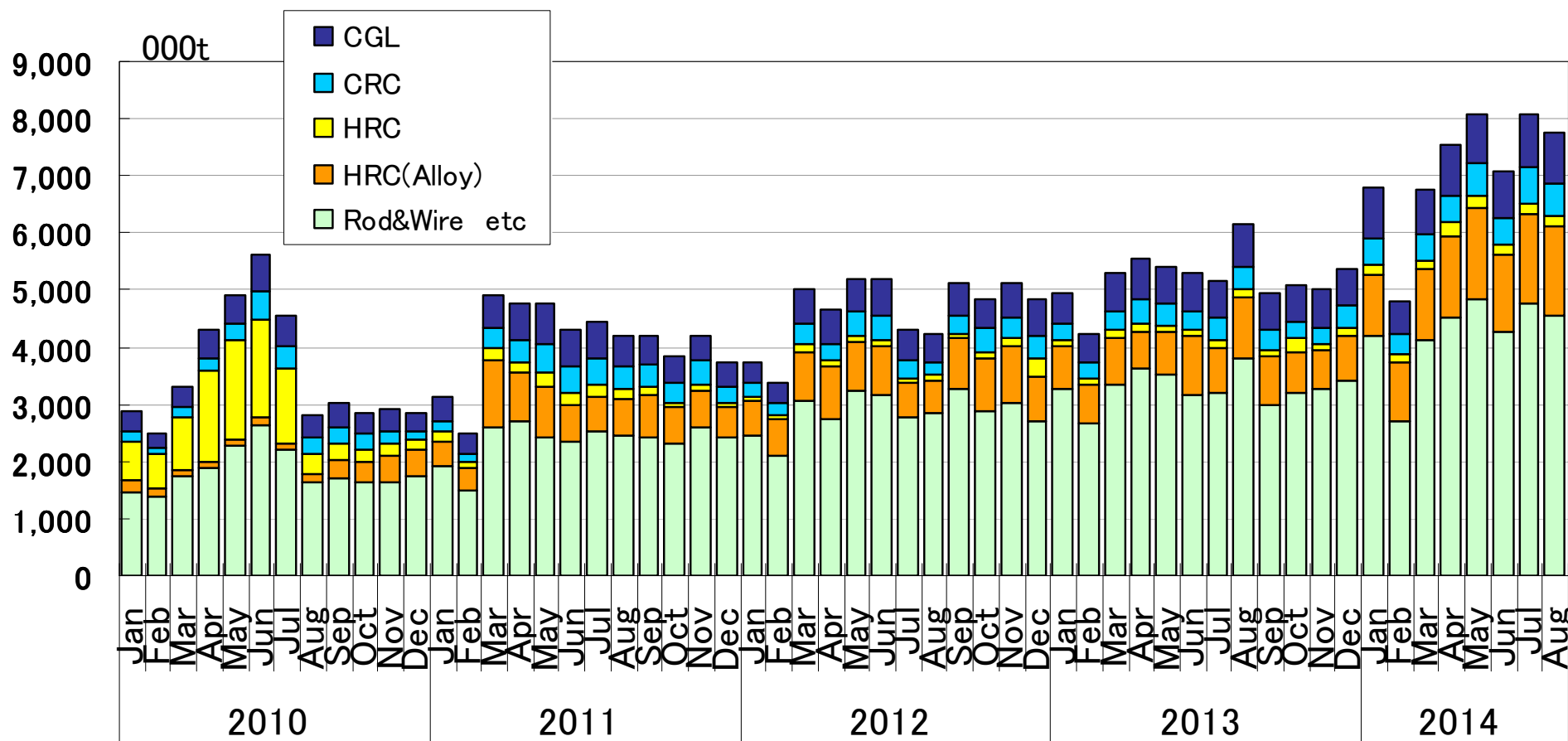


Export

Exports from China by Products

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- Most exports are others, mainly for construction usage, no overlapping with ours.
- Out of others, bar has been increasing.
- Mills add boron to their HRC(Alloy) considering possible VAT refund.

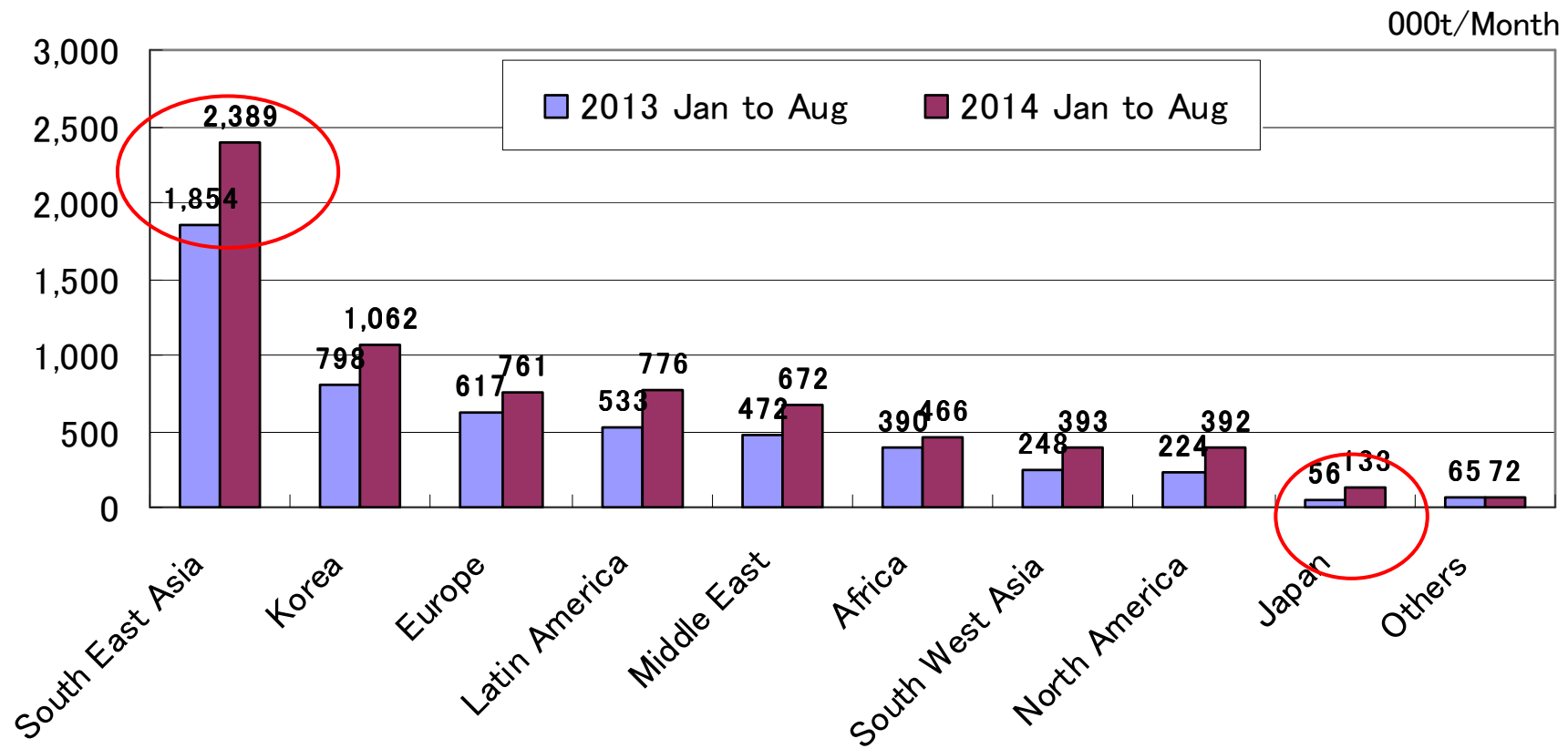




Export

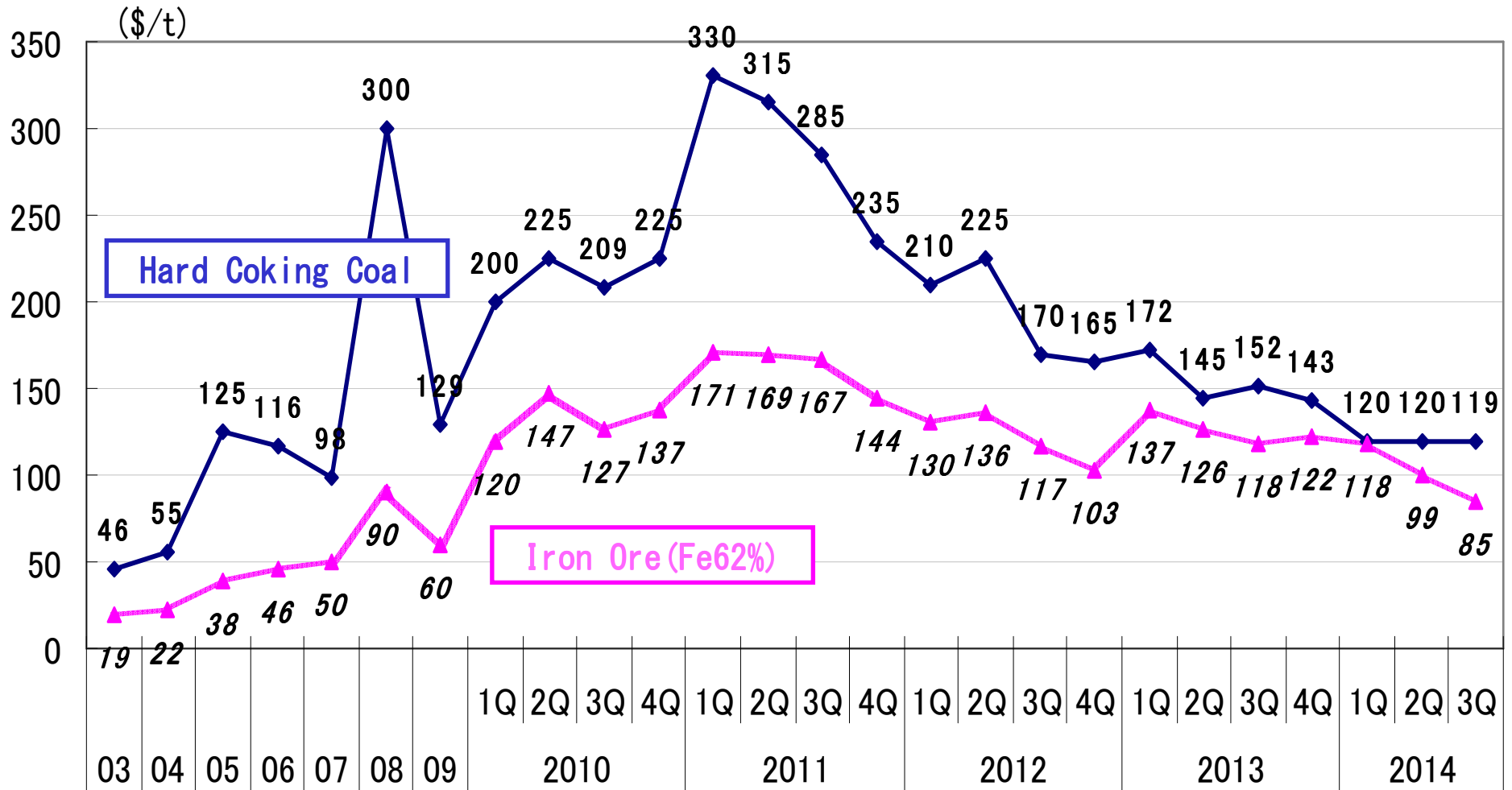
Exports Destination from China by Areas/Countries

Almost half of exports from China is to Southeast Asia and to Korea
Export to Japan is about 130 kt/month (just 2% of all exports)





Raw Materials Price



Production and Shipment

■ Crude Steel Production and Shipment (Mt)

	FY2013	FY2014		
	Full year	1Q	2Q	1H
	(A)	(A)	(A)	(A)
Crude Steel	28.6	7.1	7.3	14.5
Shipment	25.5	6.4	6.6	13.0

2H (E)
14.7

ASP (000yen/t)	75.7	77.9	75.6	76.7	
Exchange Rate (yen/\$)	99.8	102.4	102.7	102.5	105

■ Consolidated Basis

Crude Steel	31.5	7.8	8.0	15.8
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Financial Forecast for FY2014 of JFE Steel

(billion yen)

JFE Steel (consolidated)	FY2013			FY2014			Change Full Year
	1H	2H		1H	2H		
	(A)	(A)	(A)	(A)	(E)	(E)	
Net Sales	1,294	1,396	2,691	1,424	1,485	2,910	+ 218
Ordinary Income	55	70	126	77	82	160	+ 33
ROS	4.3%	5.0%	4.7%	5.4%	5.5%	5.5%	0.8%



4 Billion Yen increase in JFE Steel's Ordinary Income (FY14 1H (A) vs. FY14 2H (E))

(Billion yen)

JFE Steel	FY2014			Change 1H to 2H
	1H (A)	2H (E)	Full Year	
Ordinary Income	77	82	160	+ 4

- Cost reduction + 10
 - Sales and Raw materials + 15 ⇒ Decline in price of raw materials etc.
 - Inventory valuation - 5
 - Forex - 10
 - Others - 5 ⇒ Disposal of repair parts etc.
-
- TOTAL + 4



33 Billion Yen increase in JFE Steel's Ordinary Income (FY13 (A) vs. FY14 (E))

(Billion yen)

JFE Steel	FY2013 (A)	FY2014 (E)	Change FY13 to FY14
Ordinary Income	126	160	+ 33

- **Cost reduction** + 40 ⇒ Including preventive maintenance
 - **Sales and Raw materials** + 110 ⇒ Decline in price of raw materials etc.
 - **Inventory valuation** - 70
 - **Forex** - 10
 - **Price hike** - 30 ⇒ Energy prices, selling costs, outsourcing costs etc.
 - **Others** - 6
-
- TOTAL** + 33



20 Billion yen increase in JFE Steel's Ordinary Income (FY14 (Previous) vs. FY14 (Current))

(Billion yen)

JFE Steel	FY2014 (E) (Previous)	FY2014 (E) (Current)	Change
Ordinary Income	140	160	+ 20

- Cost reduction + 0
- Sales and raw materials + 20
- Inventory valuation - 5
- Forex + 5

TOTAL + 20



21 Billion yen increase in JFE Steel's Ordinary Income (FY2013 1H (A) vs. FY2014 1H (A))

(Billion yen)

JFE Steel	FY2013 (A)			FY2014 1H (A)	Change FY13 to FY14
	1H	2H	Full Year		
Ordinary Income	55	70	126	77	+ 21

- Cost Reduction + 20
- Sales and Raw materials + 65
- Inventory valuation - 50
- Price hike etc. - 13



Decline in price of raw materials etc.

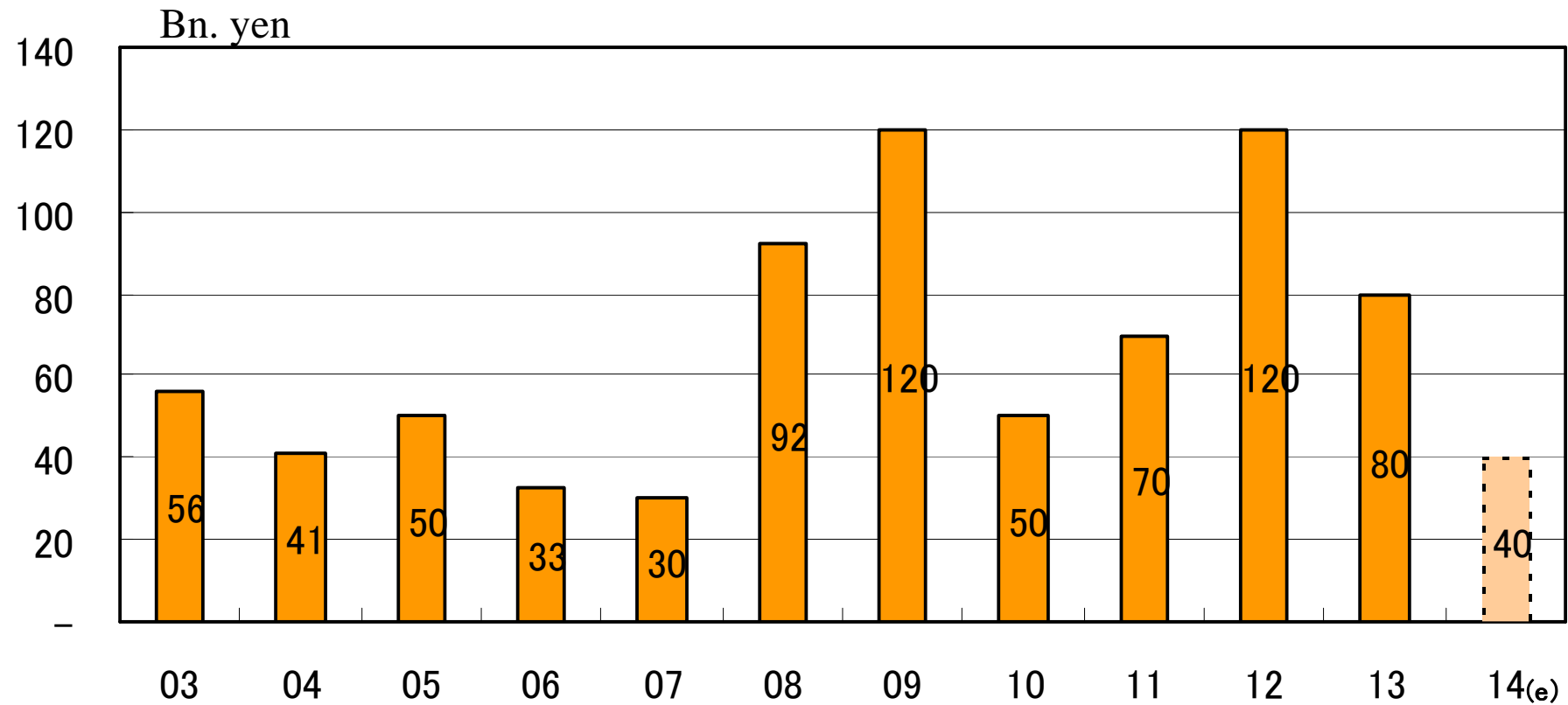
TOTAL + 21



Cost Reduction (Steel Business)

For FY2013, cost reduction of 80Bn is achieved.

For FY2014, cost reduction of 40Bn is targeted.





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JFE Engineering



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Financial Forecast for FY14 of JFE Engineering

(billion yen)

	FY2013 (A)		FY2014 (E)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Orders	186	367	214	450	28	83
Net Sales	107	284	144	360	37	75
Ordinary Income	2	18	0	16	-1	-2

【Change: FY2013 1H to FY2014 1H】

- Orders: +83

3 Waste disposal operations related to disaster in Fukushima etc.

- Net Sales: +75

Increase in orders in the previous fiscal year (FY12: 270, FY13: 367, FY14: 450)

- Ordinary Income: -2

Increase in cost of domestic construction work,
Difference of sales product mix etc.



Classification of placed orders

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(billion yen)

Category	FY2013 (A)	FY2014 (E)	Change	Main Orders (FY2014 1H)
Urban Environment	114	340	76	<ul style="list-style-type: none"> - 3 Waste disposal operations related to disaster in Fukushima <ul style="list-style-type: none"> ▪ Date area ▪ Minami-soma City ▪ Katsurao village - Construction and maintenance work of waste treatment plant - Enhancement work of gas field for INPEX - Construction of pipelines (in Kyushu, Japan and in Indonesia)
Electric Power Generation	72			
Energy	77			
Steel Construction	59	110	7	<ul style="list-style-type: none"> - Construction of steel jacket structure for wharf of Sendai Shiogama Port - Construction of bridges (in Japan, Myanmar etc.) - Install of Ballast water management system, "Ballast Ace", for 83 ships
Others	44			
Total	367	450	83	



Electric Power Generation Business by Renewable Energy

	Construction Business		Operation Business	
	Orders	Output	Orders	Output
Biomass Power Generation	4 orders - 2 for eREX - 1 for ENE-VISION - 1 for Showa Shell Sekiyu	130MW	Constructing a woody biomass power station in Tsu Works (to start operation in July, 2016)	20MW
Solar Power Generation	74 orders	300MW	8 power stations - Started operation of Miho Solar Power Station in Oct.	40MW
Geothermal Power Generation	Constructing 2 geothermal binary power stations - Ibusuki and Tsuchiyu		Established Iwate-Chinetsu Corp. and conducting trenching survey in Matsuo Hachimandaira Area	

Woody Biomass Power Station



Solar Power Station



Geothermal Power Station





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JFE Shoji



Financial Forecast for FY2014 of JFE Shoji

(billion yen)

	FY2013 (A)		FY2014 (E)		Change
	1H	Full year	1H	Full year	Full year
Net Sales	856	1,781	946	2,010	228
Ordinary Income	10	22	11	24	2

【Change: FY2013 1H to FY2014 1H】

– Domestic Business:

Increase in sales for manufacturing sector (shipbuilding sector etc.)

Increase in income of building material sales subsidiaries, steel pipe sales subsidiaries etc.

– Overseas Business

Increase in sales of exports (steel sheets, energy industry steel products etc.)

Increase in income of overseas subsidiaries in North America, Thailand etc.



Net Sales (by Segment)

JFE

(billion yen)

		FY2013 (A)		FY2014 (E)		Change	
Domestic		943		1,062		118	
Overseas	Export	450	652	487	756	36	104
	Foreign Operation	201		269		68	
Raw Materials, Equipments etc.		186		191		5	
TOTAL		1,781		2,010		228	



JFE

JFE Holdings



Financial Forecast for FY2014

Announced on Oct. 28, 2014

(billion yen)

	FY2014 (previous)		FY2014 (current)		Change 1H	Change Full year
	1H	Full year	1H	Full year		
Net Sales	1,900		1,848	3,900	-52	
Operating Income	70		82	200	12	
Non-Operating Income	0		9	0	9	
Ordinary Income	70	180	91	200	21	20
Extraordinary Loss	-7		-7	-10	0	
Income before Income Taxes and Minority Interests	63		84	190	21	
Income Taxes and Minority Interests	-23		-32	-70	-9	
Net Income	40		52	120	12	

ROS

3.7%

5.0%

5.1%

1.3%



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Interim Dividends



Dividend for FY2014

Announced on Oct. 28, 2014

JFE Holdings has decided to pay an interim dividend of 20 yen based on current income and profit.

The year-end dividend will be decided once actual performance becomes clearer.



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Appendix



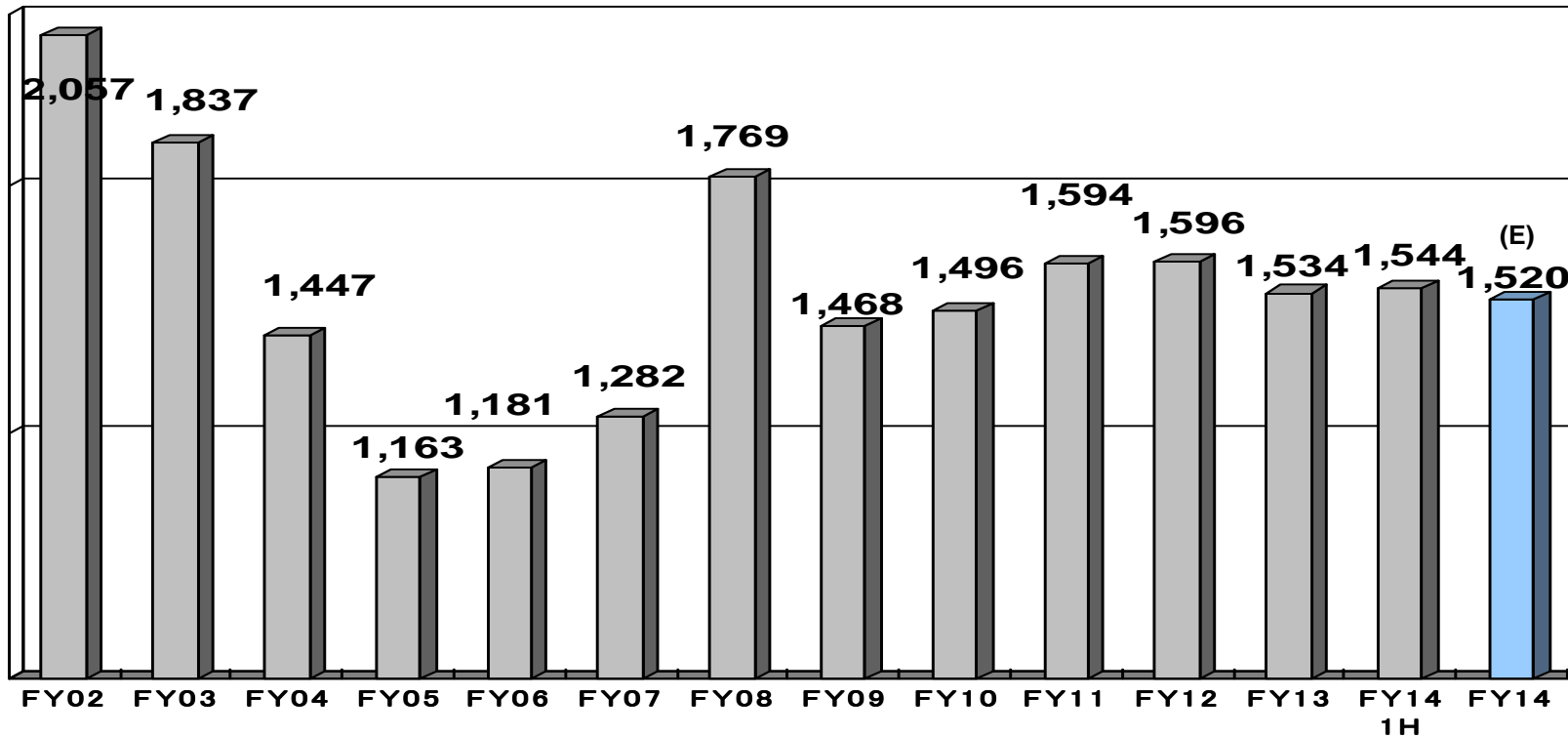
JFE

FY2014 (E) Cash Flow and Debt Outstanding

Cash Flow of FY2014 (E)	(billion yen)
Ordinary Income	200
Depreciation	180
Capex	-210
NWC/Tax/Dividends etc.	-156
Total	14

Debt Outstanding

(billion yen)





Main Financial Data

	FY2003	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 (E)
Ordinary Income (Bn. Yen)	218	503	401	69	166	53	52	173	200
ROS	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	5.1%
ROE	15.9%	17.5%	13.7%	3.3%	4.1%	-2.6%	2.7%	6.3%	6.8%
ROA	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.0%
D / E ※	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	63.6%
Net Income (Yen/Share)	185.8	450.6	355.6	86.4	110.7	-68.7	71.2	177.4	208.0
Dividends (Yen/share)	30	120	90	20	35	20	20	40	* 20

• Interim: 20

※ For Hybrid bonds in March 2008 and refinanced in March 2013, 75% of the 300 billion yen issue price is deemed to be capital.










Progress of Foreign Investments in Steel Business 1

	Company Name	Country	Ownership Ratio	Investment (Capacity)	FY12	FY13	FY14
Auto	GJSS JFE Steel	China	50%	PL-TCM (1.8Mt/y) CAL (1.0Mt/y) #2CGL (0.4Mt/y)	▲ Started operation ⇒ Total CGL capacity: 0.8Mt/y ▲ Bao Steel became a JV partner		
	JSGT JFE Steel	Thailand	100%	CGL (0.4Mt/y)		▲ Started operation (Thailand's 1 st CGL for auto)	
	JSGI JFE Steel	Indonesia	100%	CGL (0.4Mt/y)		▲ Decided Investment ⇒ to launch '16/3 (Indonesia's 1 st CGL for auto)	
	JSW JFE Steel	India	15%	#2CRM (2.3Mt/y) CAL (0.95Mt/y × 2) CGL (0.4Mt/y)	Launched CRM ▲ Launched #1CAL & CGL ▲		To launch #2CAL ▲
	r. bourgeois JFE Shoji	USA	50%	To establish Motor Core Joint Venture			▲ Established JV
	TCR JFE Steel	Thailand	36%	CRM (1.0Mt/y)	▲ Buy-back ⇒ Become Equal Major		
	JJP JFE Steel	China	51%	ERW pipe mill for auto parts			▲ Established JV ⇒ to start operation in FY15



Progress of Foreign Investments in Steel Business 2

	Company Name	Country	Ownership Ratio	Investment (Capacity)	FY12	FY13	FY14
Energy	CSI 	USA	50%	#2 ERW pipe mill (360kt/y)			▲
	Benoit 	USA	15%	Manufacturing threaded connections for OCTG	▲ Completed acquisition		Started operation to capture growing demand for piles through energy development
Container	JFE Steel Drum 	China	80%	Steel Drum Plant (4.2MUnit/y)	▲ Jiangsu Plant	▲ Zhejiang #2 Plant	
Coil Center	JSI 	India	100%	Establish C/C (30kt/y)	▲ Started operation		
	JSHP 	Vietnam	100%	Establish C/C (48kt/y)			▲ To start operation
	JSSI 	Indonesia	97%	#2 Factory (61kt/y)			▲ To start operation
	SASC 	Thailand	70%	2 nd Phase (200kt/y)		▲ Started operation	



China

JFE Steel Jiaxing JFE Precision Steel Pipe Co. Ltd. (JJP) - Steel Pipe Manufacturing and Sales JV -

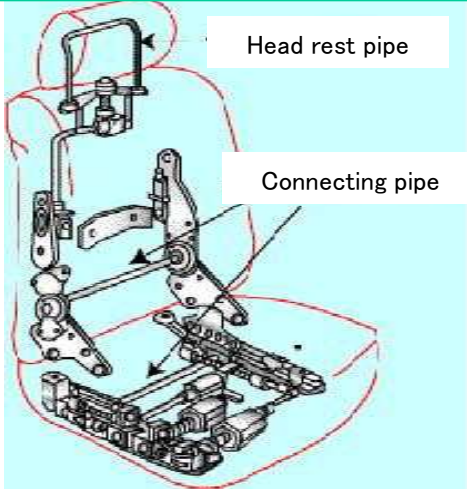
JFE

Ownership: JFE Steel 36%, Kawasaki Kokan (wholly owned subsidiary of JFE Steel) 15%,
Marubeni-Itochu Steel 30%, Shuan Hwa Industrial 19%

- Established JV company, 51% owned by JFE Steel group, in July, 2014
- To manufacture and sell small-diameter electric resistance welding (ERW) pipes mainly targeting automotive parts makers
- To introduce Kawasaki Kokan's production technologies for small-diameter ERW pipes ("only one" technology)
- To capture the growing demand for automotive steel pipes in China



Examples of steel pipe used for auto parts





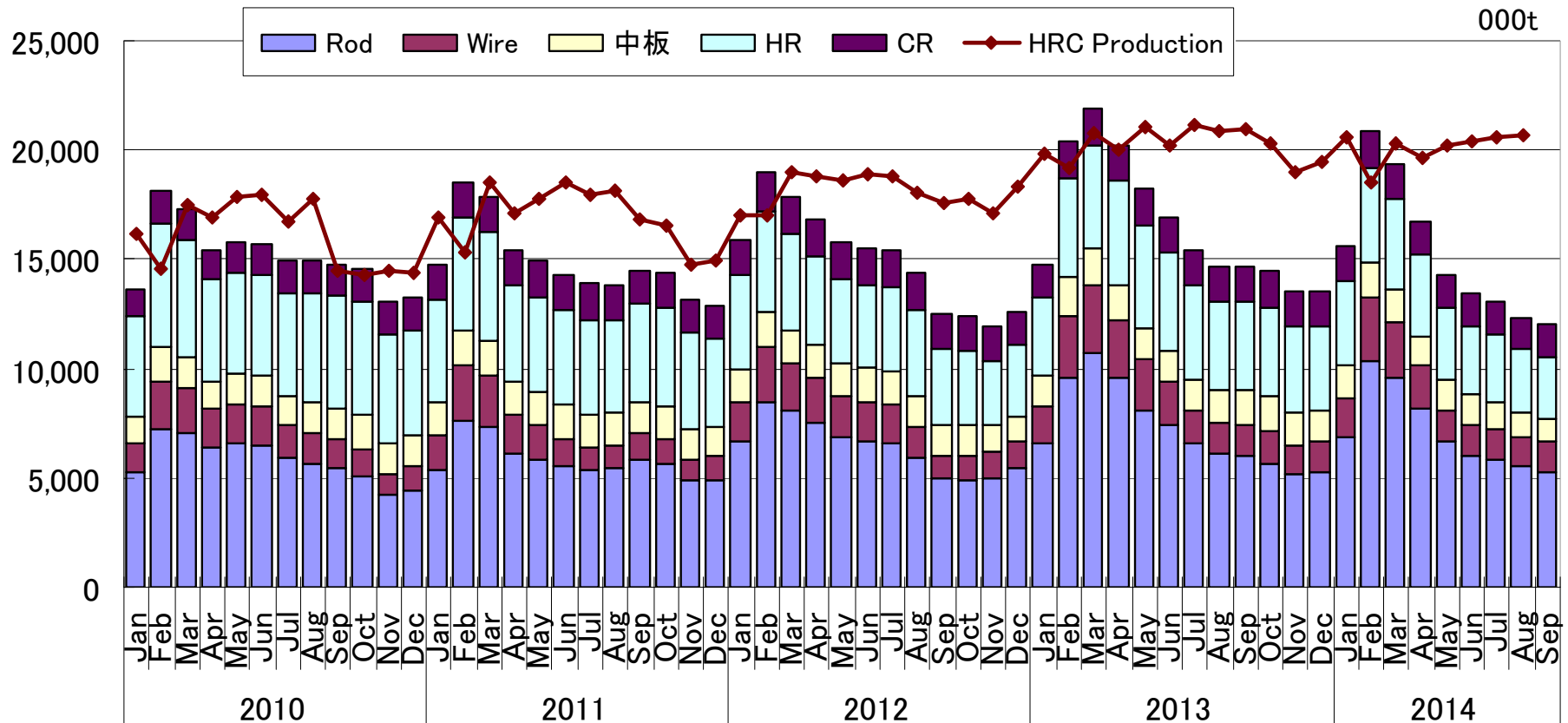
Export

Inventories in China

JFE

-HR, CR and Plate have been flattish since 2010. Rod, no overlapping with our products, has been increased significantly but trending back to normal.

-In Jan. and Feb. inventories increased due to seasonal rise, trending down after Mar.





Export

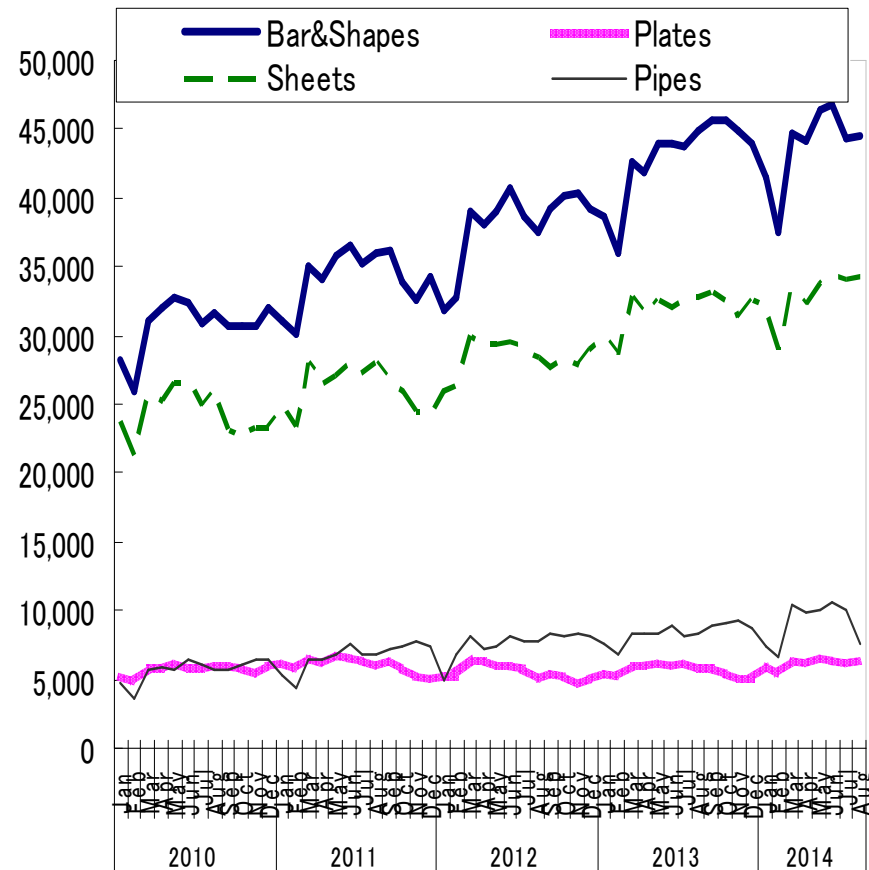
Production Trend in China

JFE

Crude Steel Downtrend in Minors



Steel Products





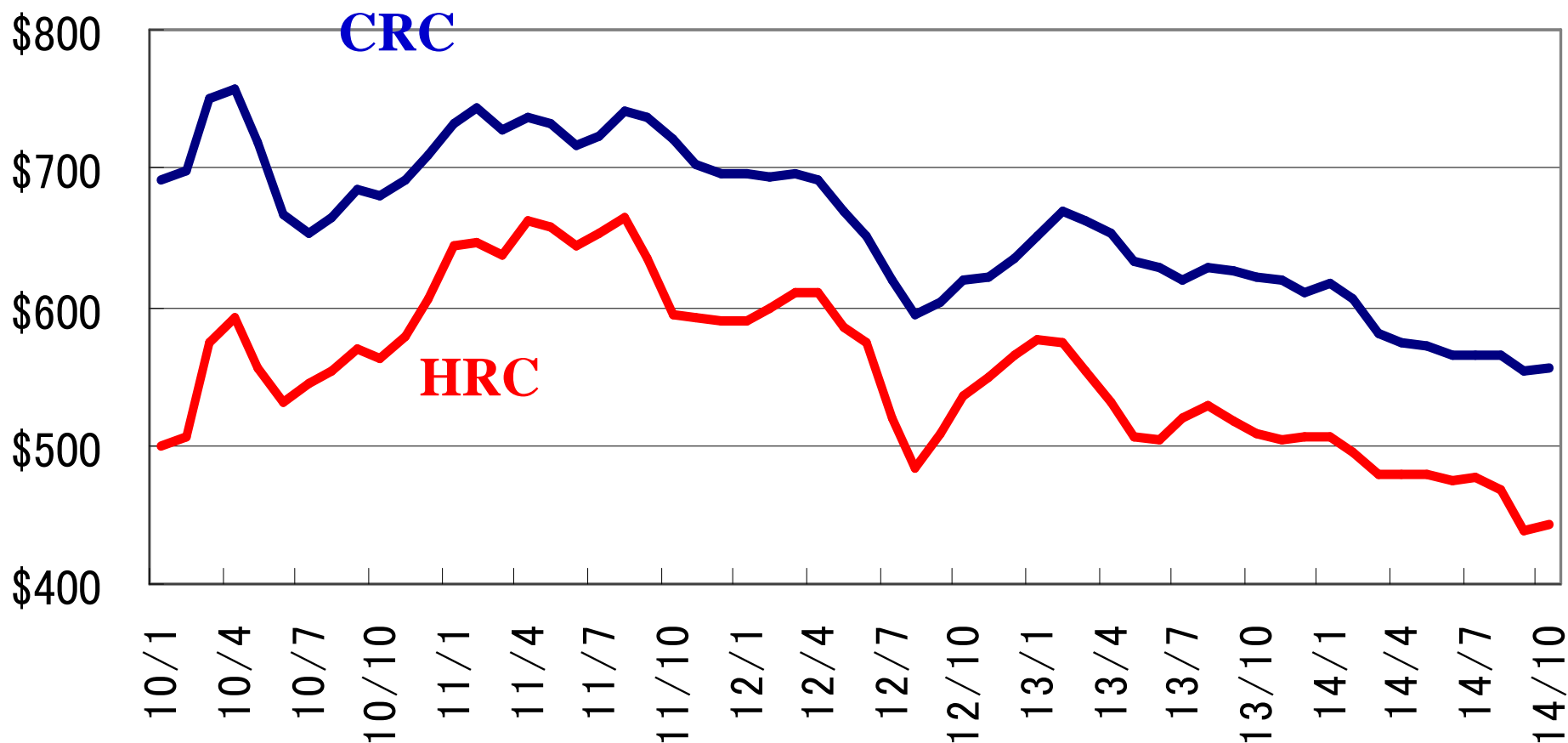
Export

Steel Sheet Prices in China

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HRC Price in China declined and likely to be bottomed in Oct..

(US\$ / ton)



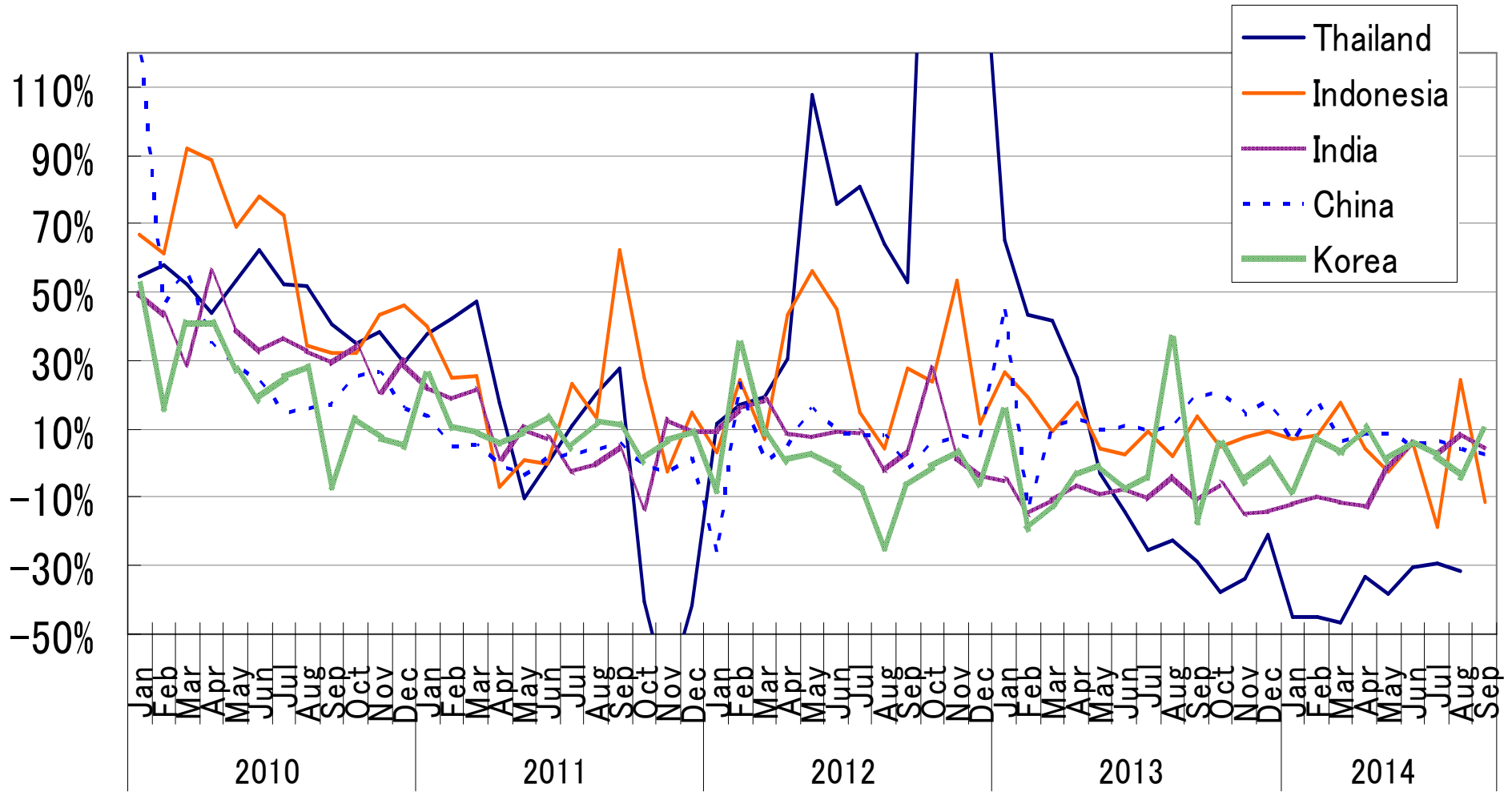
Notes: Figures does not include value-added tax. Prices are average from 21 regions of China.



Export

Auto Sales in Key Countries

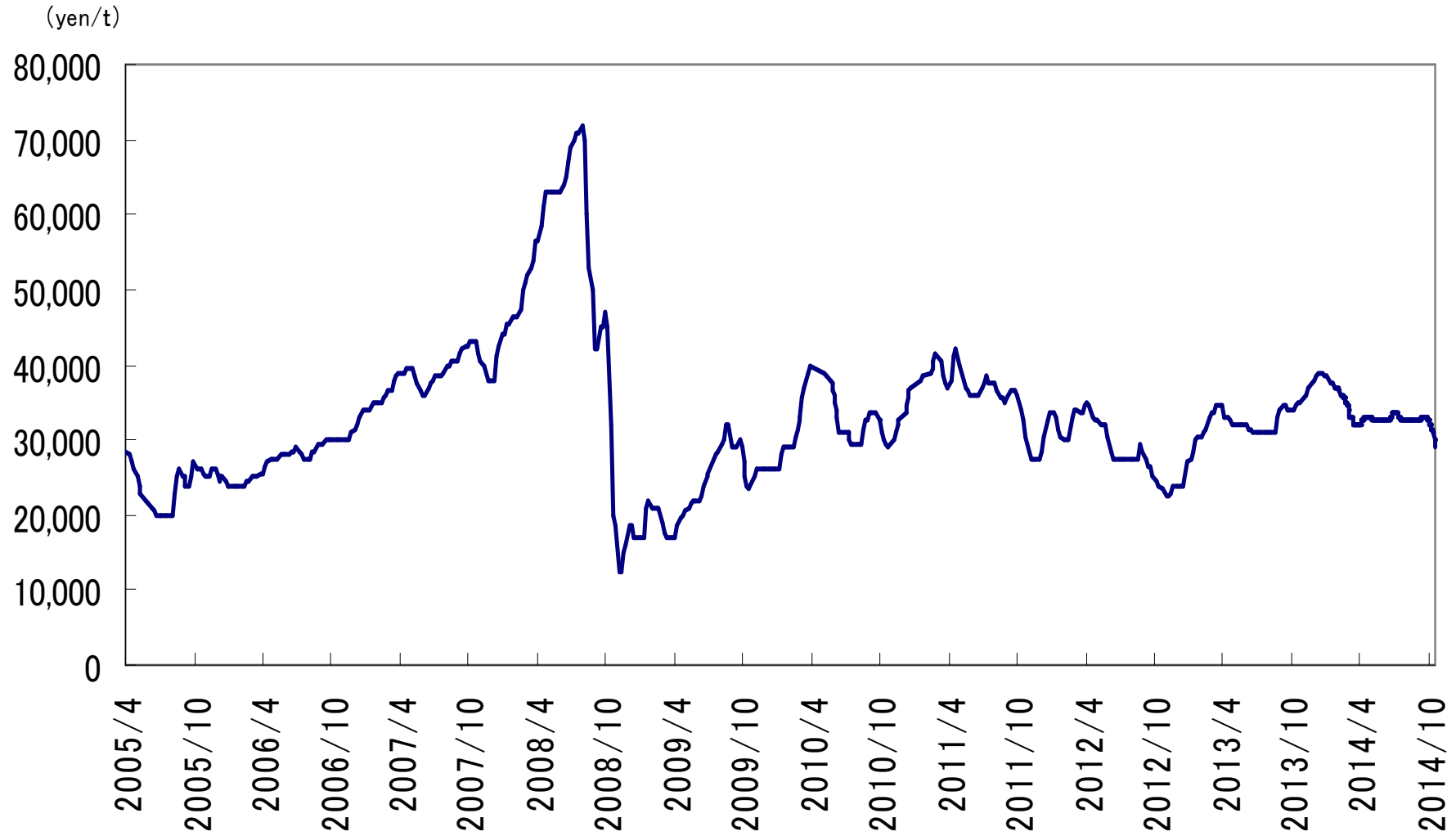
Automobile Sales in Key Countries (YoY change)





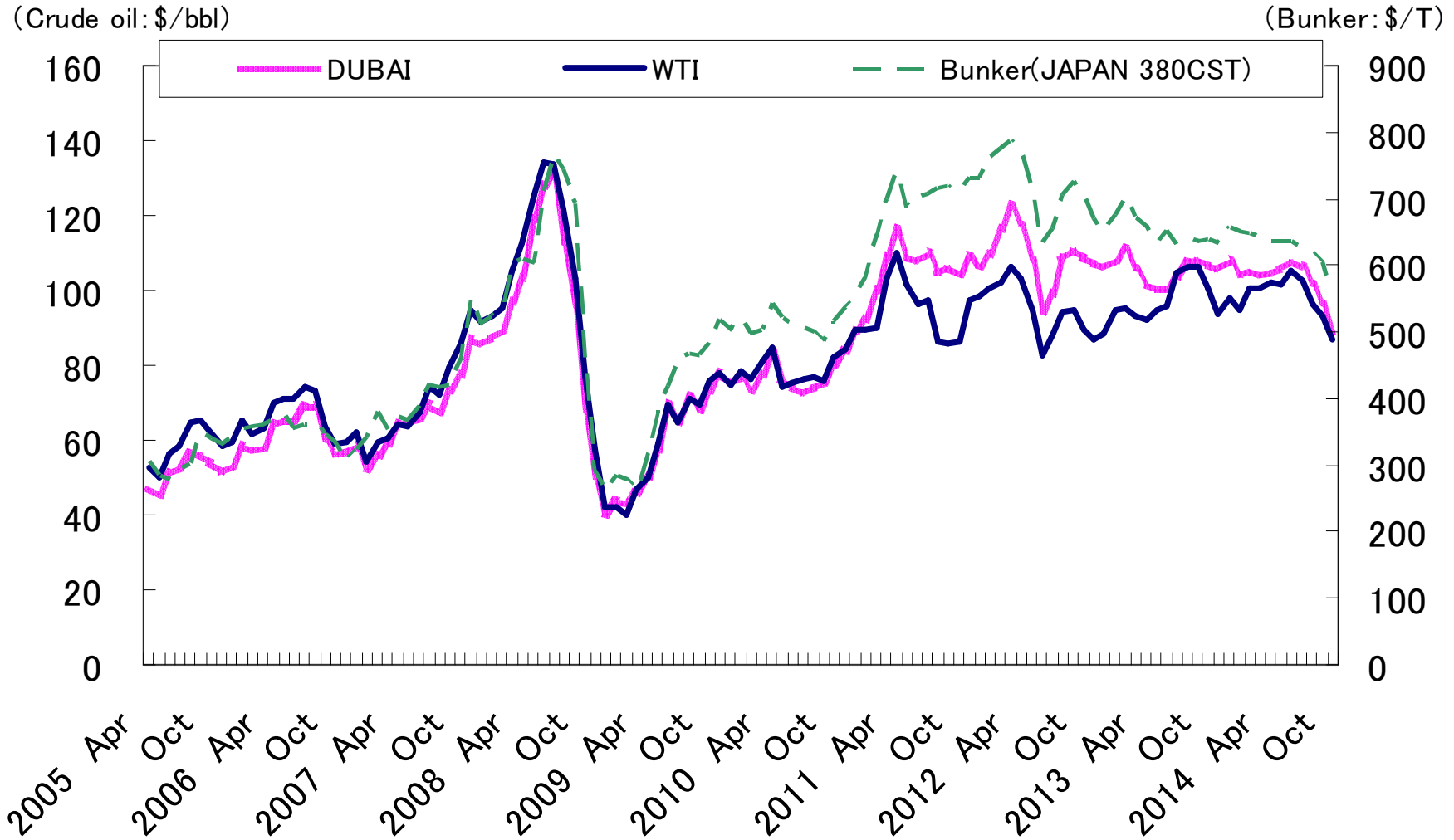
Raw
Materials

Trend of Scrap Price





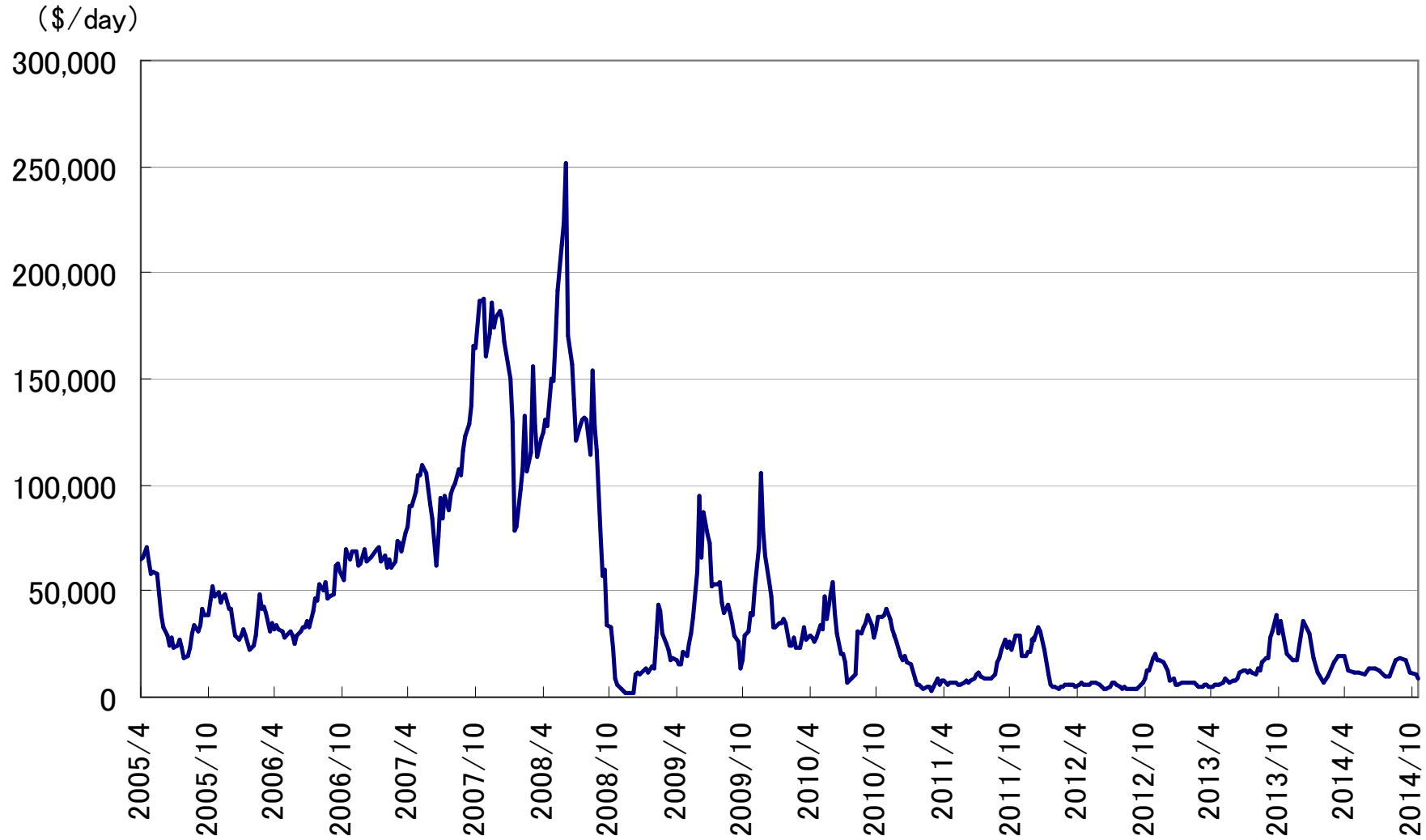
Trend of Oil Prices





Raw
Materials

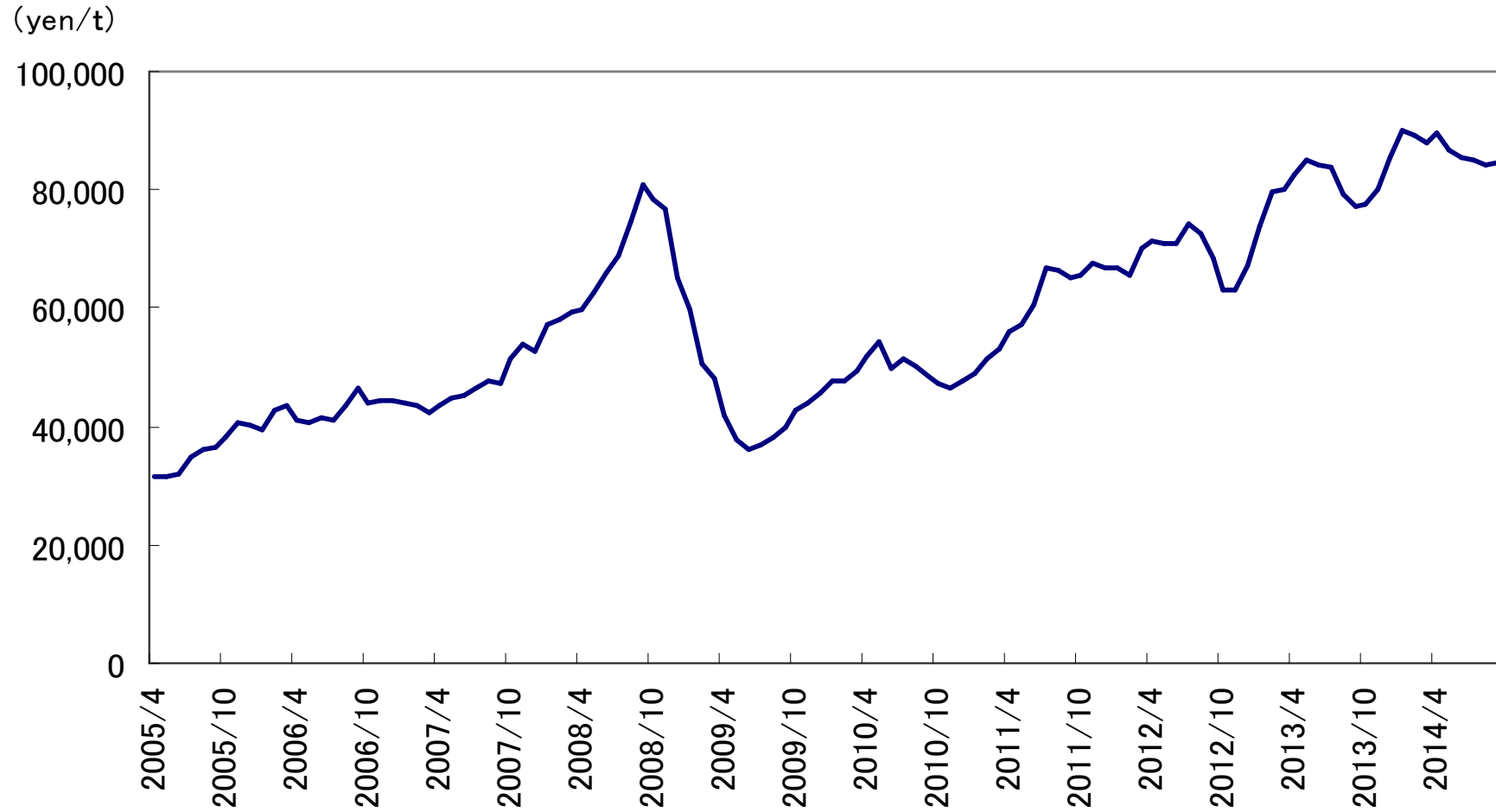
Trend of Spot Bulker Prices





Raw
Materials

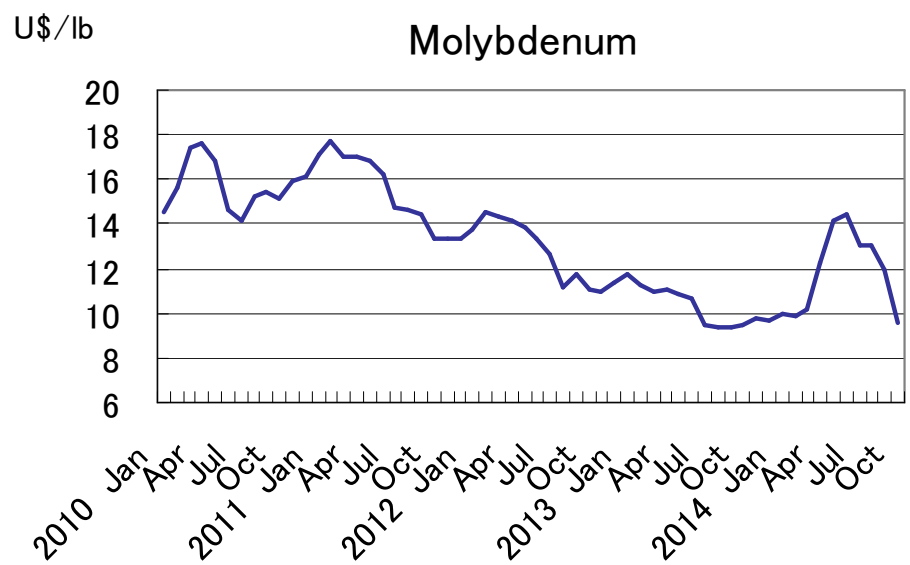
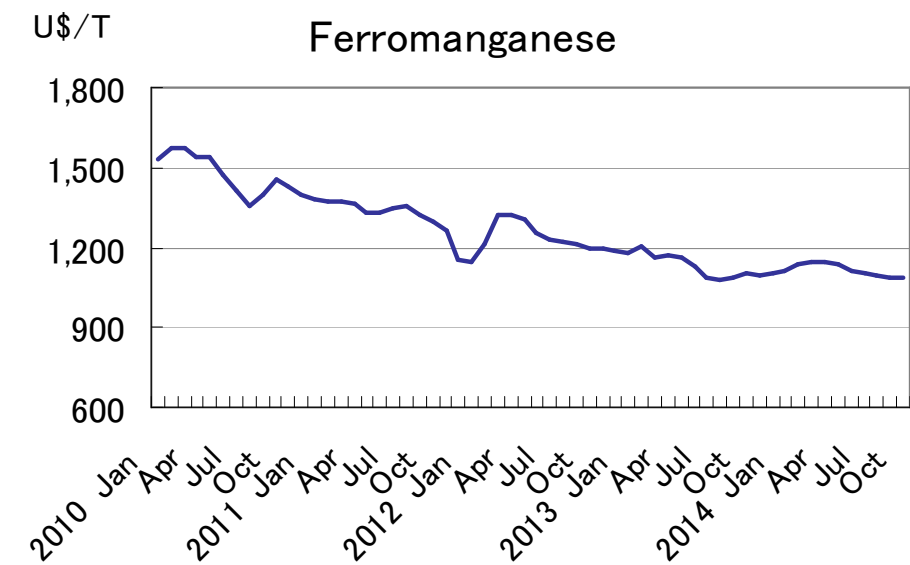
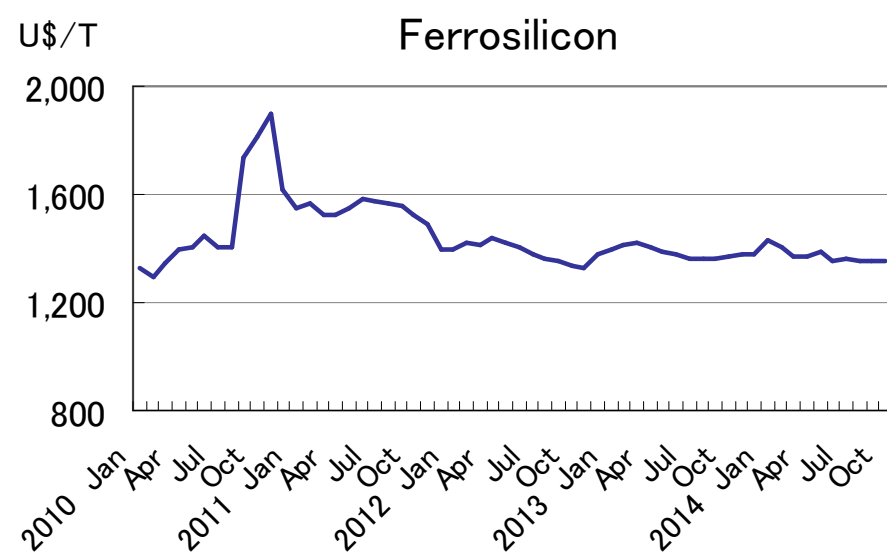
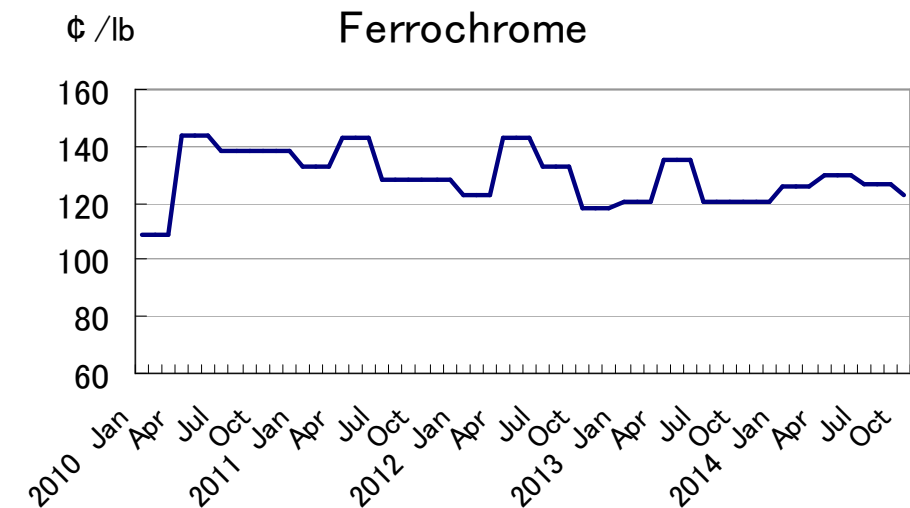
Trend of LNG Prices





**Raw
Materials**

Trend of Metals Prices





JFE

End