



# **JFE Group**

***Financial Results through Third Quarter of  
Fiscal Year 2016 ending March 31, 2017***

**JFE Holdings, Inc.**

**January 31, 2017**



JFE

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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.



**Consolidated Results through Third  
Quarter of Fiscal 2016  
(April 1 to December 31, 2016)**

# Financial Results through Third Quarter of Fiscal 2016



(billion yen)

	FY2015 Through 3Q	FY2016 Through 3Q	Change
Net Sales	2,548.0	2,311.7	(236.3)
Operating Income	74.7	36.4	(38.3)
Non-operating Income (Expense)	(11.6)	7.7	19.3
<b>Ordinary Income</b>	<b>63.0</b>	<b>44.1</b>	<b>(18.9)</b>
Extraordinary Profit	7.2	11.9	4.7
Income before Income Taxes and Minority Interests	70.3	56.1	(14.2)
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(33.0)	(22.8)	10.2
<b>Profit Attributable to Owners of Parent</b>	<b>37.3</b>	<b>33.2</b>	<b>(4.1)</b>

## Financial Results through Third Quarter of Fiscal 2016

(billion yen)

	FY2015 Through 3Q			FY2016 Through 3Q		
	1H	Oct-Dec		1H	Oct-Dec	
Gain on sales of investment securities	-	7.2	7.2	3.5	16.4	19.9
Extraordinary income	-	7.2	7.2	3.5	16.4	19.9
Impairment loss	-	-	-	-	(8.0)	(8.0)
Extraordinary loss	-	-	-	-	(8.0)	(8.0)
Total extraordinary profit	-	7.2	7.2	3.5	8.4	11.9

# Financial Results through Third Quarter of Fiscal 2016

(by Segment)

(billion yen)

	FY2015 Through 3Q	FY2016 Through 3Q	Change
Steel Business	1,849.9	1,655.5	(194.4)
Engineering Business	255.3	277.4	22.1
Trading Business	1,330.3	1,180.7	(149.6)
Adjustments	(887.5)	(802.0)	85.5
Net Sales	2,548.0	2,311.7	(236.3)
Steel Business	40.8	13.6	(27.2)
Engineering Business	5.9	16.0	10.1
Trading Business	14.5	14.3	(0.2)
Adjustments	1.7	0.1	(1.6)
Ordinary Income	63.0	44.1	(18.9)



**Forecasts of Consolidated Financial  
Results in Fiscal 2016  
(April 1, 2016 to March 31, 2017)**



# Financial Forecasts for Fiscal 2016

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(billion yen)

	Previous Forecast (Oct. 28, 2016)	Updated Forecast (Jan. 31, 2017)			Change Full year
		Full year	Apr-Dec	Jan-Mar	
Net Sales	3,290.0	2,311.7	1,008.4	3,320.0	30.0
Operating Income	50.0	36.4	43.7	80.0	30.0
Non-operating Income (Expense)	(20.0)	7.7	(17.7)	(10.0)	10.0
<b>Ordinary Income</b>	<b>30.0</b>	<b>44.1</b>	<b>25.9</b>	<b>70.0</b>	<b>40.0</b>
Extraordinary Profit	3.5	11.9	8.1	20.0	16.5
Income before Income Taxes and Minority Interests	33.5	56.1	34.1	90.0	56.5
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(18.5)	(22.8)	(17.2)	(40.0)	(21.5)
Profit Attributable to Owners of Parent	15.0	33.2	16.8	50.0	35.0
ROS(*)	0.9%	1.9%	2.5%	2.1%	1.2%

\*Return on Sales: Ordinary Income / Net Sales





# Financial Forecasts for Fiscal 2016 (by Segment)

JFE

(billion yen)

	Previous Forecast (Oct. 28, 2016)	Updated Forecast (Jan. 31, 2017)			Change Full year
		Full year	Apr-Dec	Jan-Mar	
Steel Business	2,270.0	1,655.5	674.6	2,330.0	60.0
Engineering Business	450.0	277.4	172.7	450.0	0
Trading Business	1,670.0	1,180.7	459.3	1,640.0	(30.0)
Adjustments	(1,100.0)	(802.0)	(298.0)	(1,100.0)	0
<b>Net Sales</b>	<b>3,290.0</b>	<b>2,311.7</b>	<b>1,008.4</b>	<b>3,320.0</b>	<b>30.0</b>
Steel Business	(15.0)	13.6	11.4	25.0	40.0
Engineering Business	27.0	16.0	11.1	27.0	0
Trading Business	20.0	14.3	6.8	21.0	1.0
Adjustments	(2.0)	0.1	(3.1)	(3.0)	(1.0)
<b>Ordinary Income (Loss)</b>	<b>30.0</b>	<b>44.1</b>	<b>25.9</b>	<b>70.0</b>	<b>40.0</b>



# Financial Forecasts for Fiscal 2016

JFE

(billion yen)

	FY2015 (A)	FY2016 (F)			Change Full year
	Full year	Apr-Dec	Jan-Mar	Full year	
Net Sales	3,431.7	2,311.7	1,008.4	3,320.0	(111.7)
Operating Income	90.6	36.4	43.7	80.0	(10.6)
Non-operating Income (Expense)	(26.3)	7.7	(17.7)	(10.0)	16.3
<b>Ordinary Income</b>	<b>64.2</b>	<b>44.1</b>	<b>25.9</b>	<b>70.0</b>	<b>5.8</b>
Extraordinary Profit (Loss)	10.0	11.9	8.1	20.0	10.0
Income before Income Taxes and Minority Interests	74.3	56.1	34.1	90.0	15.7
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(40.6)	(22.8)	(17.2)	(40.0)	0.6
<b>Profit Attributable to Owners of Parent</b>	<b>33.6</b>	<b>33.2</b>	<b>16.8</b>	<b>50.0</b>	<b>16.4</b>
ROS(*)	1.9%	1.9%	2.5%	2.1%	0.2%

\*Return on Sales: Ordinary Income / Net Sales

# Financial Forecasts for Fiscal 2016 (by Segment)



JFE

(billion yen)

	FY2015 (A) Full year	FY2016 (F)			Change Full year
		Apr-Dec	Jan-Mar	Full year	
Steel Business	2,445.1	1,655.5	674.6	2,330.0	(115.1)
Engineering Business	397.5	277.4	172.7	450.0	52.5
Trading Business	1,756.4	1,180.7	459.3	1,640.0	(116.4)
Adjustments	(1,167.4)	(802.0)	(298.0)	(1,100.0)	67.4
<b>Net Sales</b>	<b>3,431.7</b>	<b>2,311.7</b>	<b>1,008.4</b>	<b>3,320.0</b>	<b>(111.7)</b>
Steel Business	27.8	13.6	11.4	25.0	(2.8)
Engineering Business	20.0	16.0	11.1	27.0	7.0
Trading Business	15.7	14.3	6.8	21.0	5.3
Adjustments	0.6	0.1	(3.1)	(3.0)	(3.6)
<b>Ordinary Income (Loss)</b>	<b>64.2</b>	<b>44.1</b>	<b>25.9</b>	<b>70.0</b>	<b>5.8</b>



# **JFE Steel**

## **Financial Results through Third Quarter of Fiscal Year 2016**



# Production and Shipment

(million tons)

## ■ Crude Steel Production and Shipment (non-consolidated basis)

	FY2015	FY2016				Change B-A
	Apr-Dec A	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Dec B	
Crude Steel	20.43	6.94	7.06	7.12	21.12	0.69
Shipment	18.82	6.26	6.34	6.43	19.02	0.20

## ■ Crude Steel Production (consolidated basis)

Crude Steel	22.26	7.52	7.62	7.66	22.80	0.54
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# 27.2 Billion Yen decrease in JFE Steel's Ordinary Income (FY15 through 3Q vs. FY16 through 3Q)

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(billion yen)

JFE Steel	FY2015				FY2016	Change
	Apr-Dec	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	Apr-Dec	
Ordinary Income	40.8	(20.3)	(4.1)	38.0	13.6	(27.2)

- Volume and Mix  $\pm 0.0$
- Sales and Raw materials  $-90.0$
- Cost reduction  $+24.0$
- Inventory valuation  $+50.0$
- Others  $-11.2$

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TOTAL  $-27.2$

# 42.1 Billion Yen increase in JFE Steel's Ordinary Income (FY16 2Q vs. FY16 3Q)

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JFE Steel					FY2016	(billion yen) Change 2Q →3Q
	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	4Q Jan-Mar		
Ordinary Income	(20.3)	(4.1)	38.0	11.4	25.0	42.1

- Volume and Mix + 2.0
- Sales and Raw materials -28.0
- Cost reduction + 2.0
- Inventory valuation +50.0
- Others +16.1

**TOTAL +42.1**



# **JFE Steel**

## **Financial Forecasts for Fiscal Year 2016**

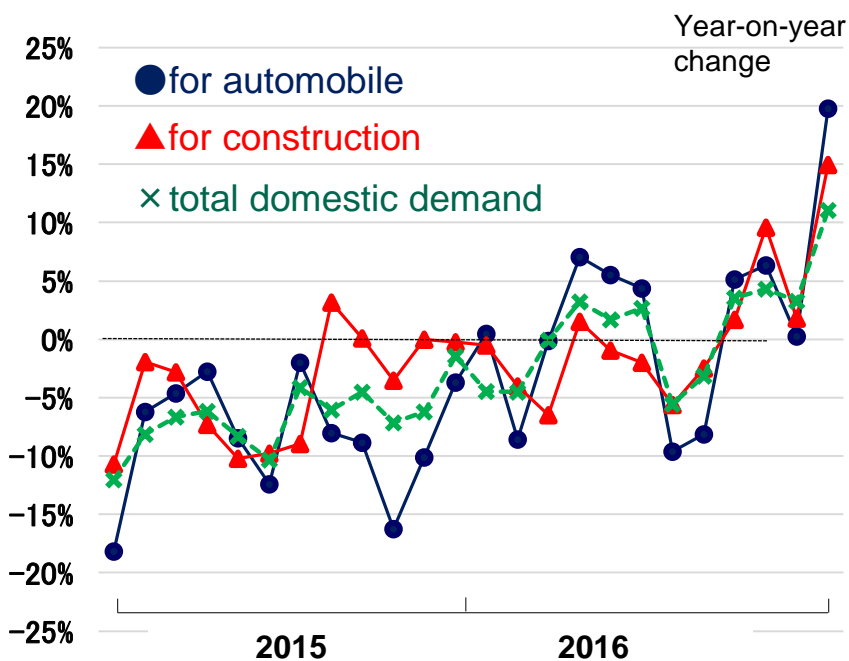


# Current Business Environment (Domestic)

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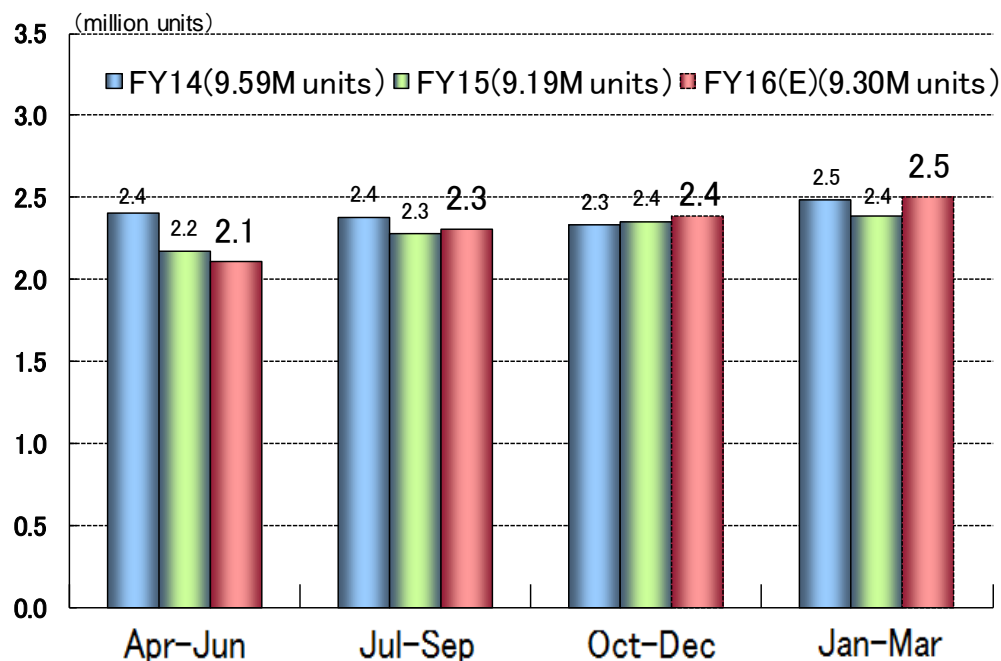
- Domestic steel demand in FY16 is forecast to slightly increase from FY15. In the 2nd half of FY16, domestic steel demand is forecast to increase in the automobile and construction sectors.
- Total ordinary steel orders in November 2016 increased by 11% (for automobile use: +15%, for construction use: +20%) on a year-on-year basis.

### 【Trend of ordinary steel orders】



Source: Japan Iron and Steel Federation

### 【Outlook for domestic auto production】

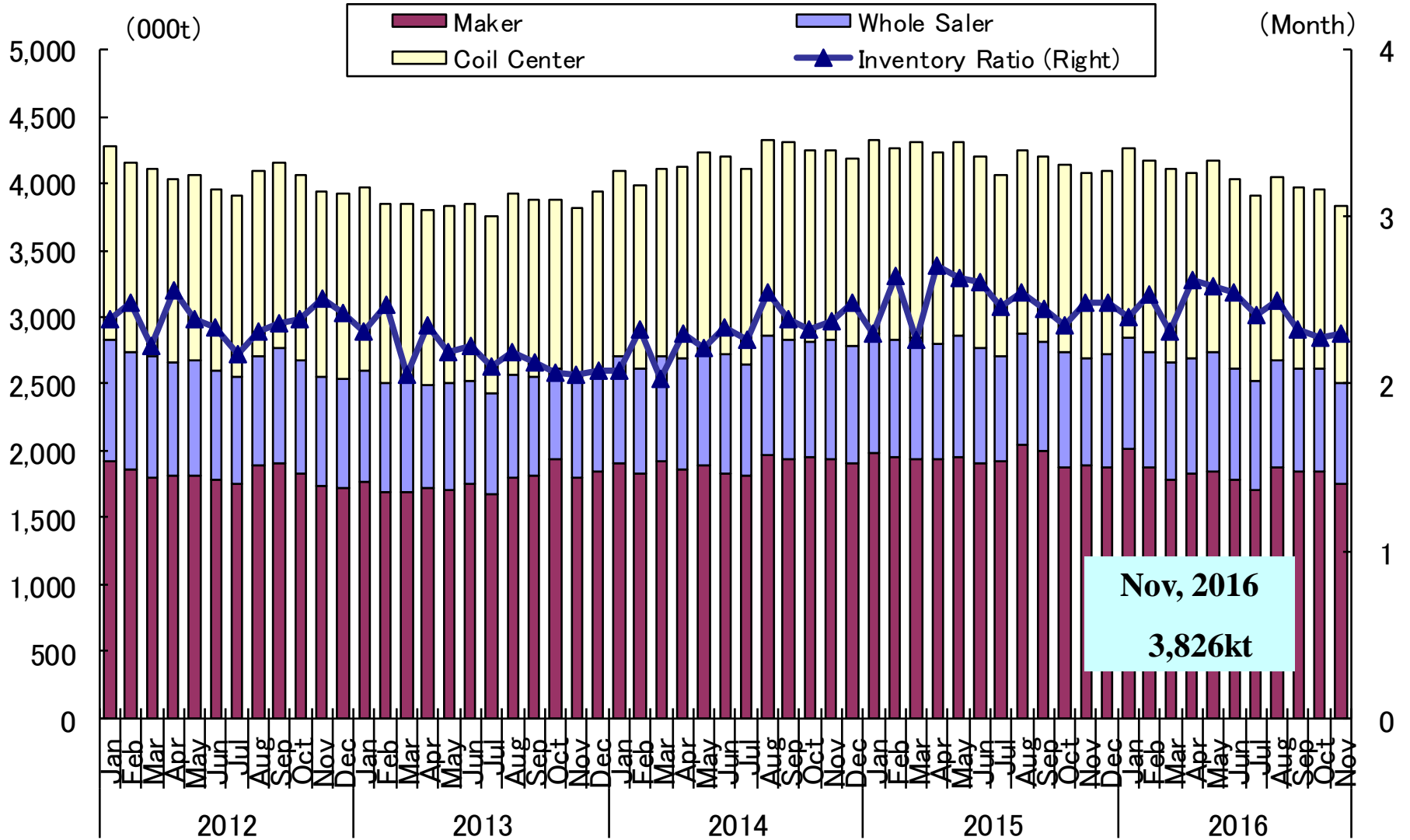


JFE Forecast 17



# Domestic Market Environment

## Combined Inventories of HR, CR and Coated Steel Sheet



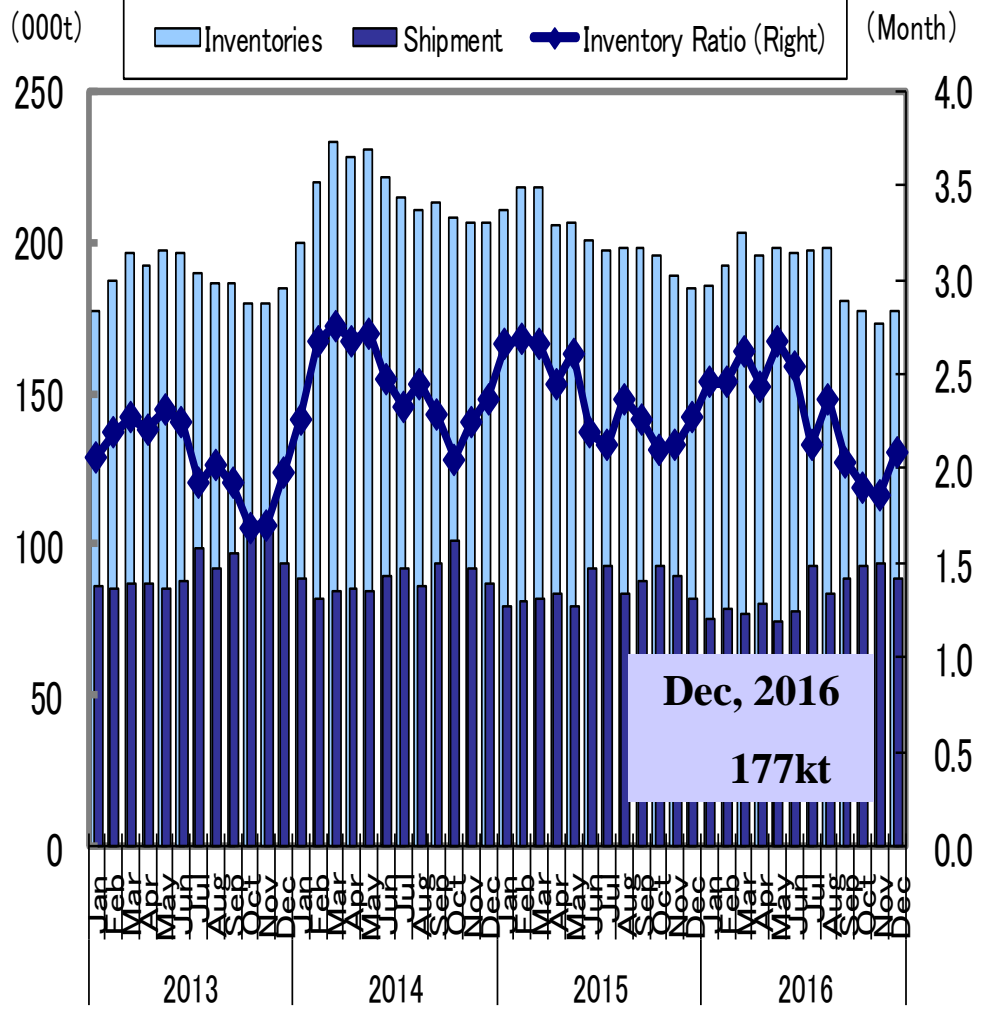
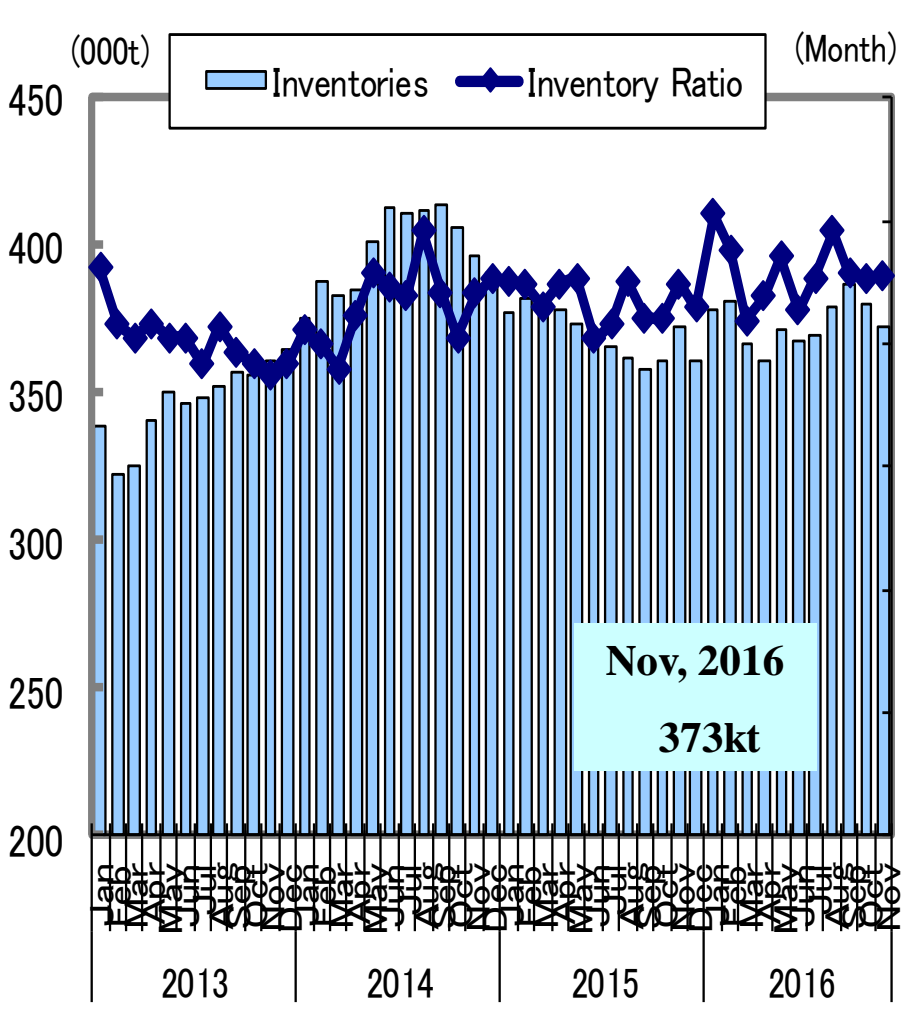


# Domestic Market Environment

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

## Inventories of Plate (Plate Shear)

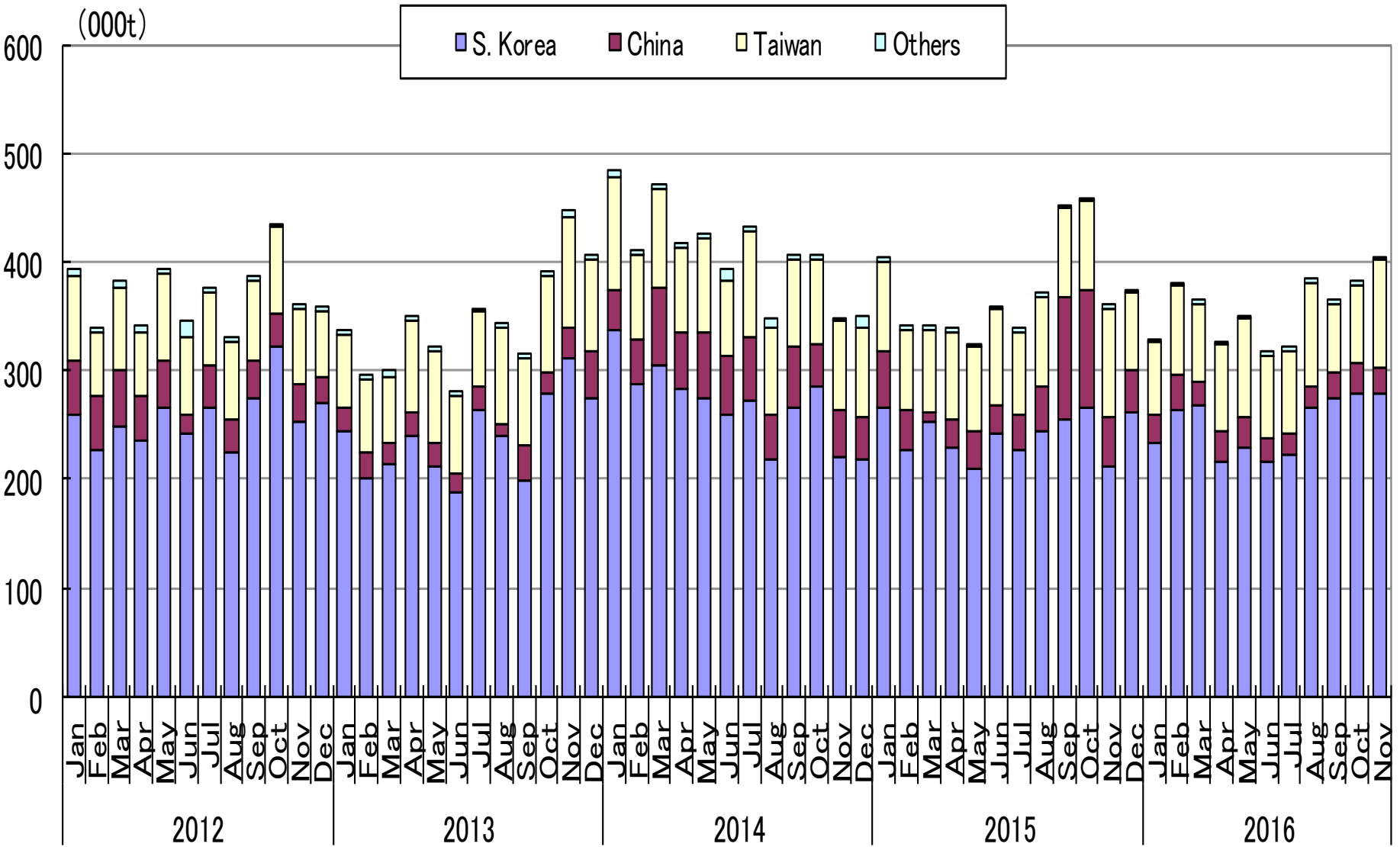
## Inventories of Wide Flange Shapes





# Domestic Market Environment

# Trend of Import Steel (Ordinary Steel)

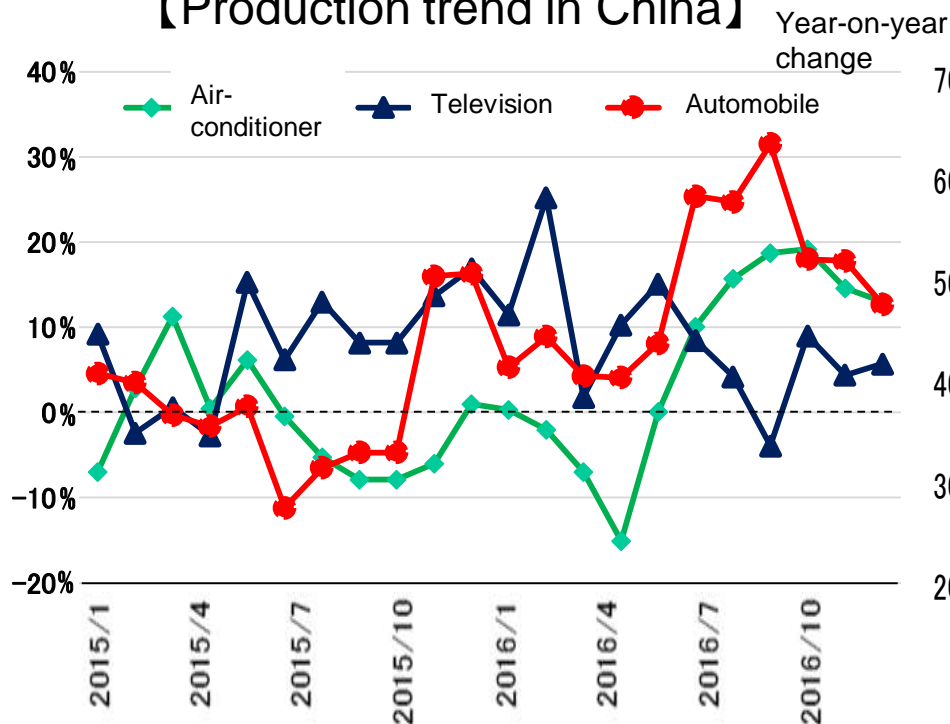


# Current Business Environment (Overseas)

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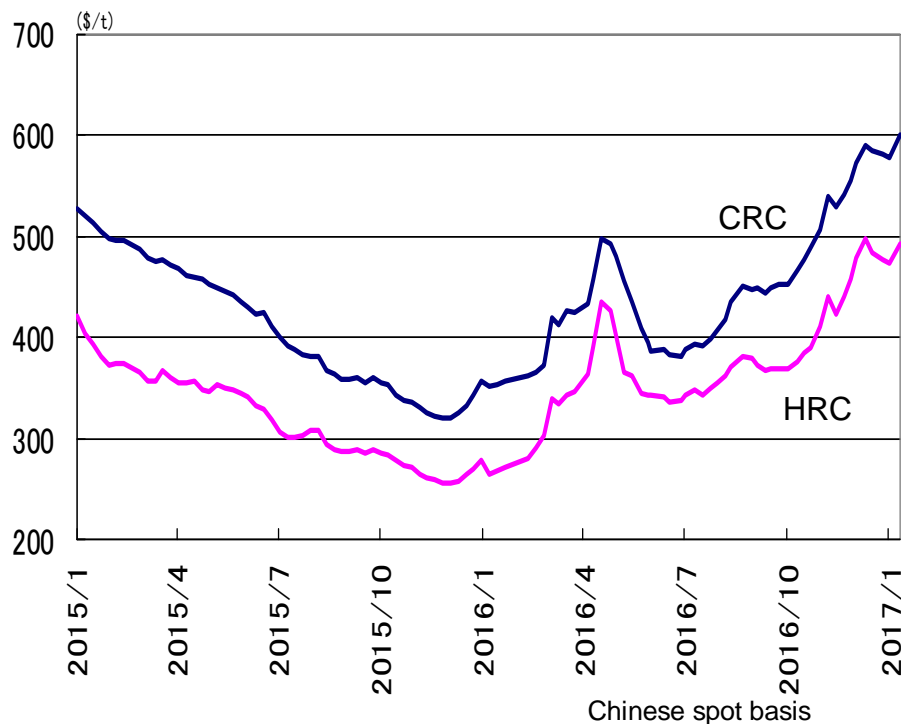
- Chinese apparent crude steel consumption in 2016 increased by 2.0% year-on-year basis due to economic stimulus measures including infrastructure investments and increase in auto production with expansion of personal consumption.
- Though coking coal prices are in an adjustment phase, steel prices in China remains high due to robust domestic steel consumption in China.

### 【Production trend in China】



Source : National Bureau of Statistics of China

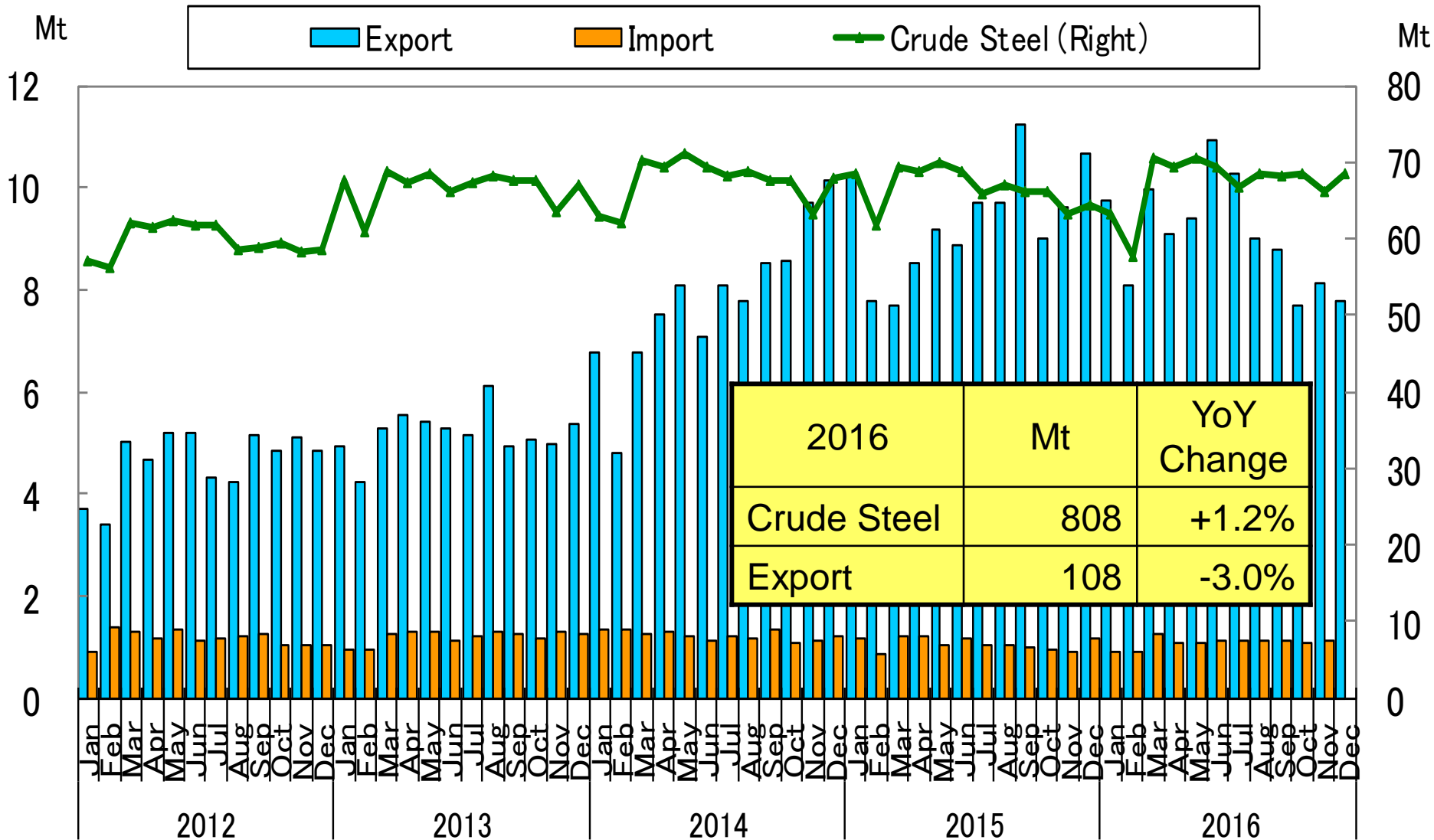
### 【Steel sheet market trend in China】





Overseas Market Environment

# Crude Steel & Im/Export, China

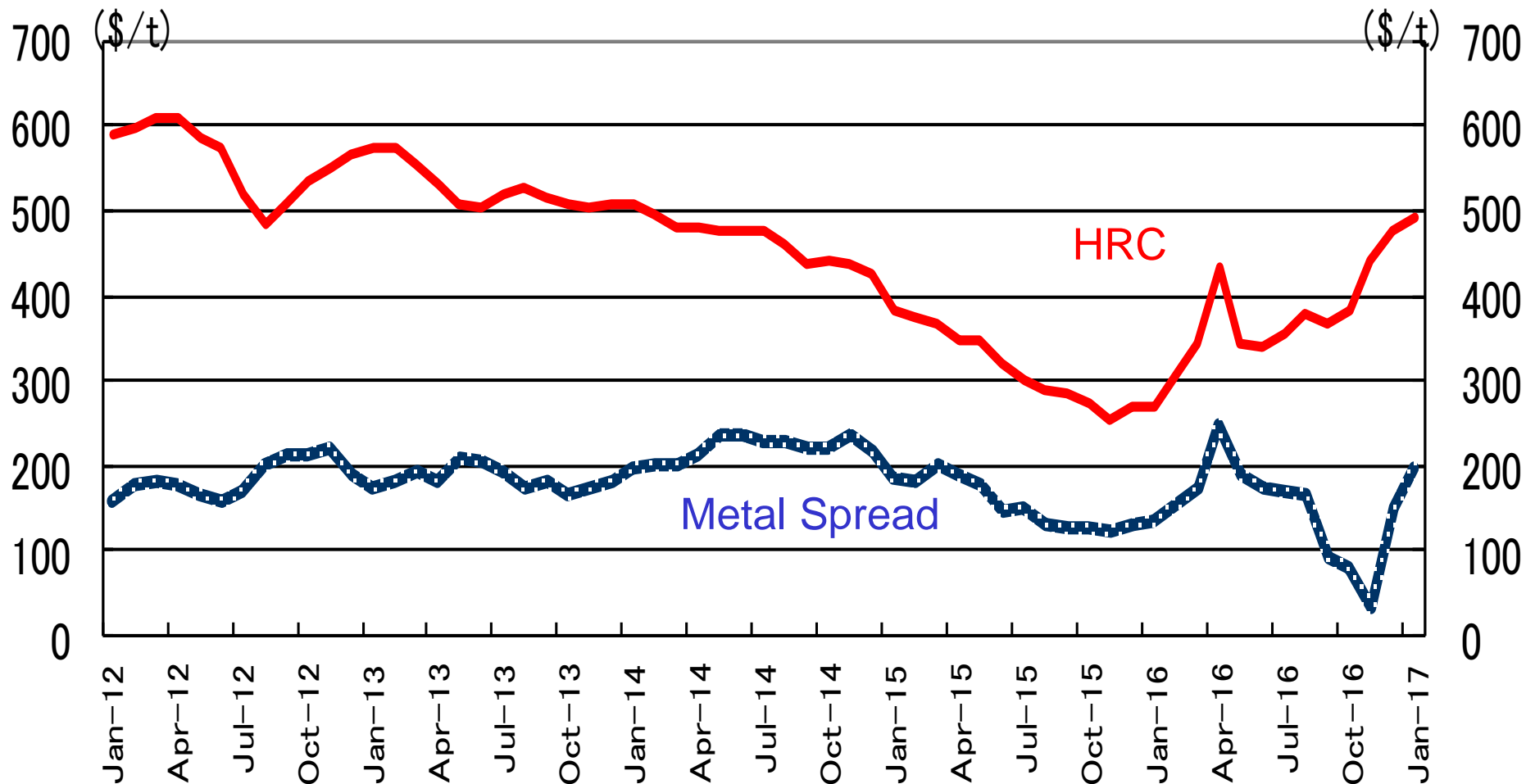


\*Crude Steel in Jan and Feb, 2015: WSA's estimation



Overseas Market Environment

# Metal Spread Trend (Chinese Spot Basis)



Metal Spread = HRC Price - Raw Materials Cost

\*HRC Price: Chinese Spot basis

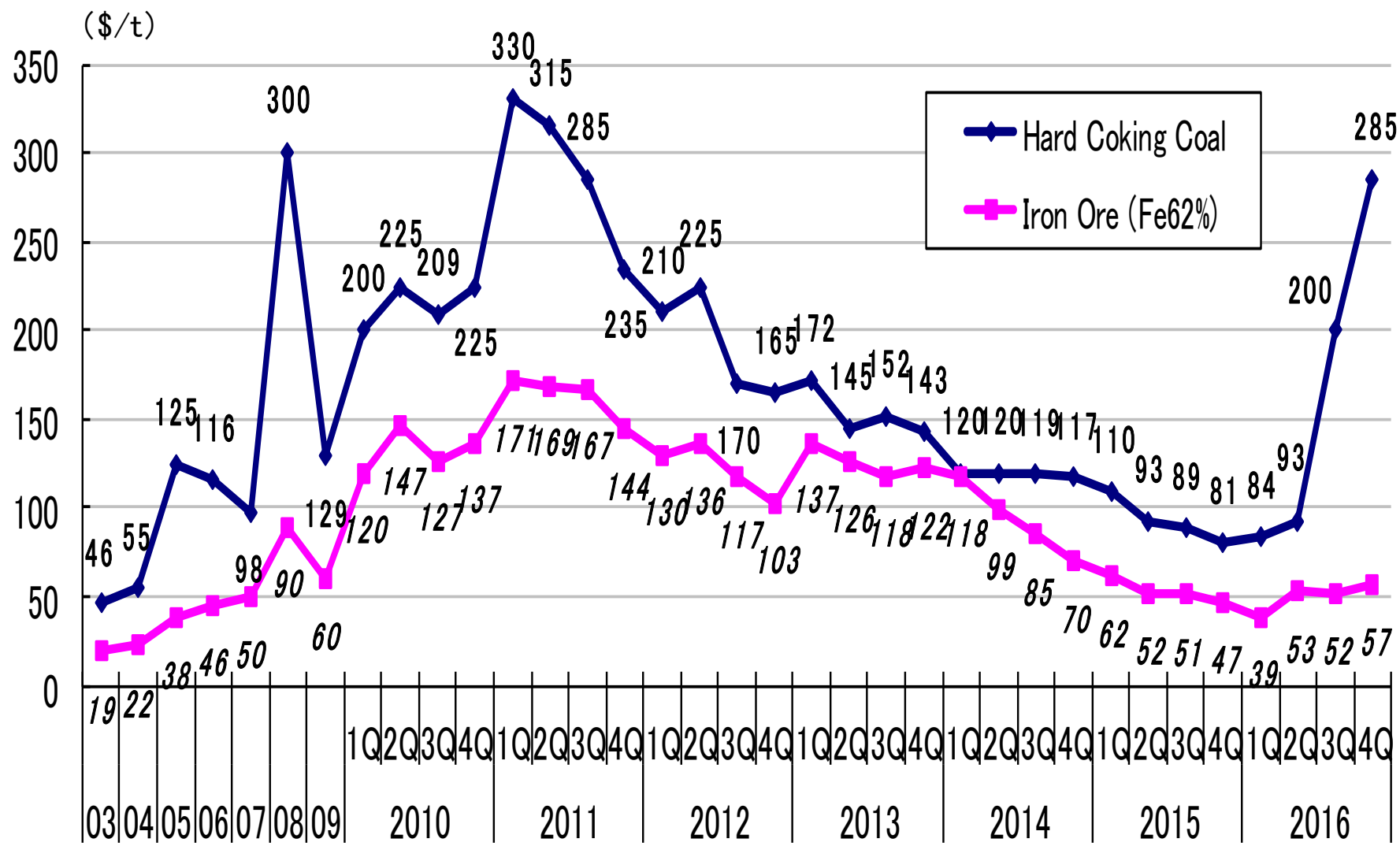
Raw Materials Cost: Calculated from international market price of Iron Ore and Hard Coking Coal



Raw Materials

Raw Materials Price

JFE





# Production and Shipment Forecasts



## ■ Crude Steel Production (non-consolidated basis)

(million tons)

	FY2015	1H	2H		FY2016	
			3Q	4Q		
	(Actual)	(Actual)	(Actual)	(Estimate)	(Estimate)	(Estimate)
<b>Crude Steel</b>	<b>27.36</b>	<b>14.00</b>	<b>7.12</b>	<b>Full year estimate 28.20</b>		
<b>Shipment</b>	<b>25.39</b>	<b>12.60</b>	<b>6.43</b>	<b>Full year estimate 25.80</b>		
Avg. Sales Price (000yen/t)	66.8	58.6	61.5	71	66	63
Exchange rate (yen/\$)	120.6	107.3	106.1	112	109	108

## ■ Crude Steel Production (consolidated basis)

<b>Crude Steel</b>	<b>29.75</b>	<b>15.14</b>	<b>7.66</b>	<b>Full year estimate 30.50</b>	
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# Financial Forecasts for FY2016 of JFE Steel

(billion yen)

JFE Steel	FY2015 (Actual) A	FY2016 Previous Forecast B	FY2016		FY2016 Updated Forecast C	Change FY2015 →FY2016 C-A	Change Previous →Updated C-B
			1H	2H			
Net Sales	2,445.1	2,270.0	1,072.4	1,257.6	2,330.0	(115.1)	60.0
Ordinary Income	27.8	(15.0)	(24.4)	49.4	25.0	(2.8)	40.0
ROS	1.1%	-0.7%	-2.3%	3.9%	1.1%	-0.1%	1.7%

\*Return on Sales: Ordinary Income / Net Sales

# 40.0 Billion Yen increase in JFE Steel's Ordinary Income (FY16 (Previous Forecast) vs. FY16 (Updated Forecast))



(billion yen)

JFE Steel	FY2016 Previous Forecast	FY2016 <b>Updated Forecast</b>	Change Previous →Updated
Ordinary Income	(15.0)	<b>25.0</b>	<b>40.0</b>

- Volume and Mix + 5.0
- Sales and Raw materials -15.0
- Inventory valuation +50.0

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TOTAL +40.0

## 2.8 Billion Yen decrease in JFE Steel's Ordinary Income (FY15 (Actual) vs. FY16 (Forecast))



(billion yen)

JFE Steel	FY2015 Actual	FY2016 Forecast	Change FY15→16
Ordinary Income	27.8	25.0	(2.8)

- Volume and Mix                    ± 0.0
- Sales and raw materials        -100.0
- Cost reduction                    + 30.0
- Inventory valuation            + 95.0
- Others                                - 27.8

Decrease in profit of domestic subsidiary companies, increase in depreciation cost etc.

**TOTAL**                                - 2.8

# 73.8 Billion Yen increase in JFE Steel's Ordinary Income (FY16 1H (Actual) vs. FY16 2H (Forecast))

(billion yen)

JFE Steel	FY2016 (F)		Change 1H→2H
	1H (A)	2H (F)	
Ordinary Income	(24.4)	49.4	25.0
			73.8

- Volume and Mix + 9.0
- Sales and raw materials - 50.0
- Cost reduction + 7.0
- Inventory valuation +121.0
- Others - 13.2

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TOTAL + 73.8

# 26.6 Billion Yen decrease in JFE Steel's Ordinary Income (FY16 3Q (Actual) vs. FY16 4Q (Forecast))

(billion yen)

JFE Steel	1H (A)	2H (F)		FY2016 (F)	Change 3Q →4Q	
		3Q (A) Oct-Dec	4Q (F) Jan-Mar			
		Ordinary Income	(24.4)			38.0

- Volume and Mix + 1.0
  - Sales and raw materials ± 0.0
  - Cost reduction + 2.0
  - Inventory valuation - 13.0
  - Others - 16.6
- 
- TOTAL - 26.6



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## JFE Steel Develops Technology for 1470MPa-Grade Cold-rolled Steel Sheet

~New Bumper Reinforcements Being  
Supplied for Commercial Vehicles~

# JFE Steel Develops Technology for 1470MPa-Grade Cold-rolled Steel Sheet ~New Bumper Reinforcements Being Supplied for Commercial Vehicles~

(announced on November 11, 2016)



▪ selected as the winner of the Japanese Trade and Industry Minister's 2016 Award for eco-products ▪

Developed world's highest tensile strength cold-rolled steel sheet for automobile with anti delayed fractures (\*1) and bending formability and supplied commercial vehicle makers.

## 【Features】

\*1 static brittle fracture after press forming

▪ To improve collision safety for automobile

⇒ **【Double strengthen】**(\*2)

▪ To reduce CO2 emissions by cutting vehicle weight

⇒ **【20% weight saving】**(\*2)

▪ To secure cost advantage to hot press method

**The world's highest tensile strength steel sheet as cold rolled steel**

(Utilizing JFE's original high cooling technology)

\*2 compared with 980Mpa-grade steel pasts

Bumper reinforcement (\*3) made of JFE Steel's 1470MPa-grade ultra high strength steel

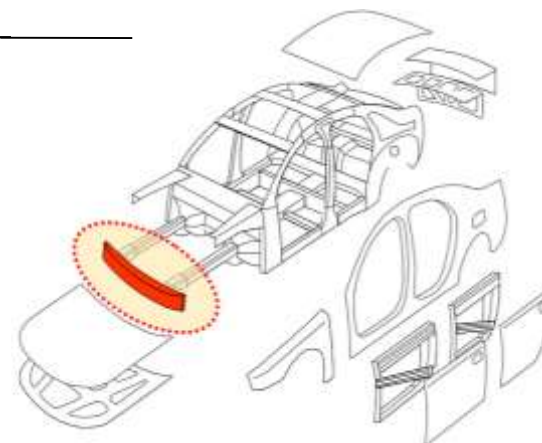
\*3 The parts is to protect vehicle occupants in collisions



Sectional view



Conventionally, 980Mpa-grade steel is mainly used and partly hot pressed steel is used.







# **JFE Engineering**

## **Financial Forecasts**

### **for Fiscal Year 2016**

# Financial Forecast for FY2016 of JFE Engineering

(billion yen)

	FY2016 (Previous Forecast)		FY2016 (Updated Forecast)		Change Full year
	2H	Full year	2H	Full year	
Orders	313.1	500.0	313.1	500.0	0
Net Sales	274.7	450.0	274.7	450.0	0
Ordinary Income	19.4	27.0	19.4	27.0	0

# Financial Forecast for FY2016 of JFE Engineering

(billion yen)

	FY2015(A)		FY2016 (F)		Change Full year
	2H	Full year	2H	Full year	
Orders	312.2	509.4	313.1	500.0	(9.4)
Net Sales	244.0	397.5	274.7	450.0	52.5
Ordinary Income	20.0	20.0	19.4	27.0	7.0

**【Change】**

(FY2015 Full year to FY2016 Full year)

- Orders: -9.4                      Almost the same as last fiscal year
- Net Sales: +52.5                Increase with increase in orders
- Ordinary Income: +7.0        Increase with increase in net sales and cost reduction

# Classification of placed orders

(billion yen)

Category	FY2015 (Actual)	FY2016 (Forecast)	Change	Main Orders (FY2016)
Environment, Energy	367.6	360.0	(7.6)	<ul style="list-style-type: none"> <li>- Improvement works of waste incineration (Maebashi-City etc.)</li> <li>- Construction of "Clean Center" (Miyagi-Pref.)</li> <li>- Maintenance of "West Clean Center" (Sasebo-City)</li> <li>- Sewage digestion gas power generation equipment in Yokohama-City</li> <li>- 2 Biomass Power Plants</li> <li>- 6 Solar power stations</li> </ul>
Steel Structure, Industrial Machinery etc.	141.8	140.0	(1.8)	<ul style="list-style-type: none"> <li>- Construction of a steel bridge in Yokkaichi Port</li> <li>- Construction of a steel bridge at Fuji-Yoshida I.C. of Chuo Expressway.</li> <li>- Reconstructing a steel bridge at Joshin-etsu Expressway</li> <li>- Reconstruction of steel bridge (Miyagi-Pref.)</li> <li>- Transport equipment for a wharf in Kushiro Port.</li> <li>- Multilevel bicycle parking system "Cycle Tree" (Itami St.)</li> <li>- Install of Ballast water management system, "Ballast Ace", for 235 ships</li> <li>- JFE smart agriculture system for Tomato</li> </ul>
Total	509.4	500.0	(9.4)	

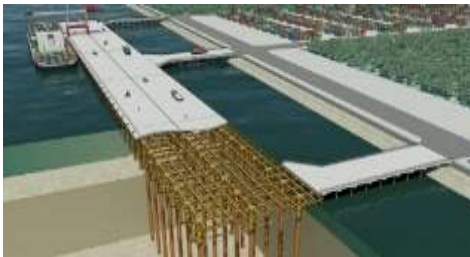
# J & M Steel Solutions Co. re-expands its capacity

(announced on November 7, 2016)

To capture expanding needs for infrastructure construction of large steel structures like bridges in Myanmar and neighboring countries, the company which has been operating full will expand the plant's annual production capacity **from 20,000 ton to 30,000 ton.**

Through not only expanding its production capacity, but increasing the variety of the products, the company can deal with more kinds of the needs.

【The examples of the infrastructure construction】



Construction of Steel jacket piers for the Thilawa Port (Myanmar)

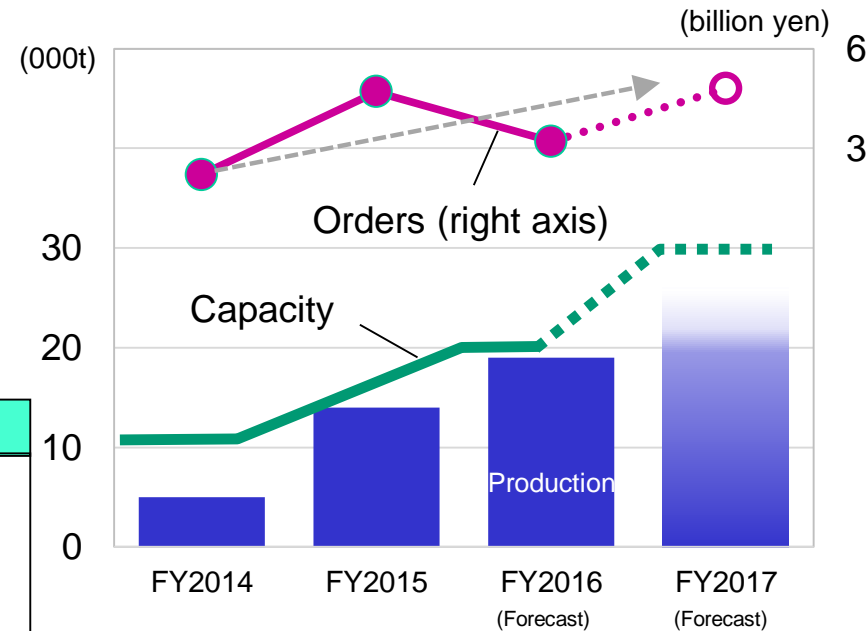


Construction of bridges on the highway (Bangladesh)

### J & M Steel Solutions Company Limited

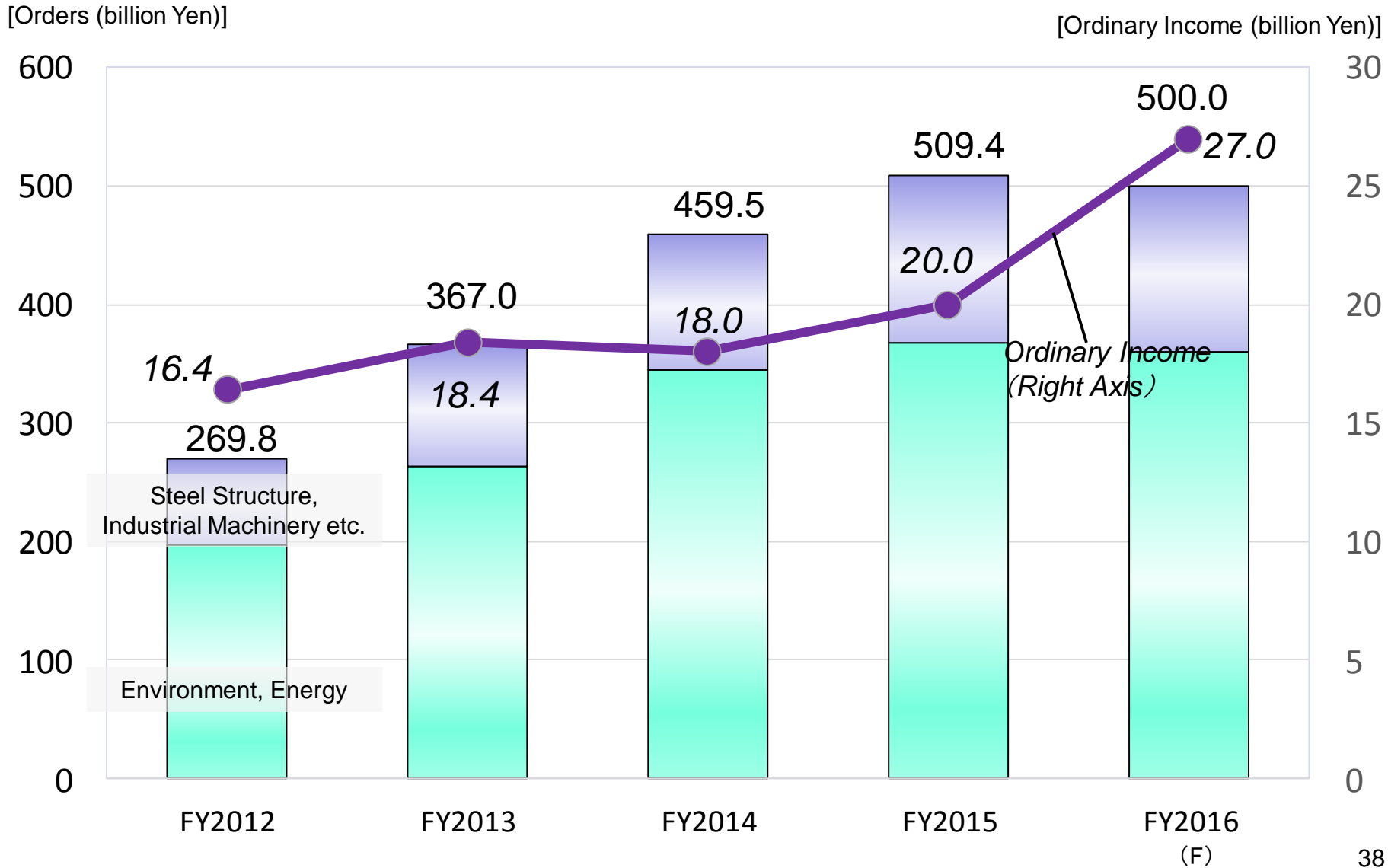
【Year of Establishment】 November 2013 (Started operation in April 2014)  
 【Location】 Theketa Township, Yangon City  
 【Investment Ratio】 JFE Engineering Corporation : 60%、  
 Public Works, Ministry of Construction, Myanmar : 40%  
 【No. of employees】 435 (As of September 2016)

Trend of production capacity, the amount of production and orders in J&M Steel Solution



By making full use of the company as an important production base, JFE will capture expanding needs for high-quality infrastructure construction including construction works of ODA, Official Development Assistance.

# Trend of Orders and Ordinary Income





# **JFE Shoji**

## **Financial Forecasts for Fiscal Year 2016**

# Financial Forecasts for FY2016 of JFE Shoji

(billion yen)

	FY2016 (Previous forecast)		FY2016 (Updated forecast)		Change  Full year
	1H	Full year	1H (A)	Full year	
Net Sales	894.2	1,670.0	864.2	1,640.0	(30.0)
Ordinary Income	12.4	20.0	13.4	21.0	1.0

【Ordinary Income Change: FY2016 (Previous forecast) to FY2016 (Updated forecast)】

・Increase with sales price increase and with influence of JPY depreciation



# Financial Forecasts for FY2016 of JFE Shoji

(billion yen)

	FY2016 (A)		FY2016 (F)		Change
	2H	Full year	2H (A)	Full year	Full year
Net Sales	841.9	1,756.4	864.2	1,640.0	(116.4)
Ordinary Income	5.9	15.7	13.4	21.0	5.3

## 【Ordinary Income Change: FY2015 to FY2016】

- ◆ Domestic Business
  - Increase of sales volume mainly in construction sectors in 2H
- ◆ Overseas Business
  - Increase of sales volume in automobile and consumer electronics sectors in China and Thailand
  - Increase with improvement of profitability of overseas business including Kelly Pipe

# Net Sales of JFE Shoji (by Segment)



(billion yen)		FY2015 (A)		FY2016 (F)		Change	
Domestic Business		905.3		882.2		(23.1)	
Overseas Business	Export	417.7	689.0	370.3	622.3	(47.4)	(66.7)
	Foreign Operation	271.3		252.0		(19.3)	
Raw Materials, Equipment etc.		162.1		135.5		(26.6)	
TOTAL		1,756.4		1,640.0		(116.4)	



# **JFE Holdings**

## **Financial Forecasts**

### **for Fiscal Year 2016**



# Financial Forecasts for Fiscal 2016

JFE

(billion yen)

	FY2015 (A)	FY2016 (F)			Change Full year
	Full year	Apr-Dec	Jan-Mar	Full year	
Net Sales	3,431.7	2,311.7	1,008.4	3,320.0	(111.7)
Operating Income	90.6	36.4	43.7	80.0	(10.6)
Non-operating Income (Expense)	(26.3)	7.7	(17.7)	(10.0)	16.3
<b>Ordinary Income</b>	<b>64.2</b>	<b>44.1</b>	<b>25.9</b>	<b>70.0</b>	<b>5.8</b>
Extraordinary Profit (Loss)	10.0	11.9	8.1	20.0	10.0
Income before Income Taxes and Minority Interests	74.3	56.1	34.1	90.0	15.7
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(40.6)	(22.8)	(17.2)	(40.0)	0.6
<b>Profit Attributable to Owners of Parent</b>	<b>33.6</b>	<b>33.2</b>	<b>16.8</b>	<b>50.0</b>	<b>16.4</b>
ROS(*)	1.9%	1.9%	2.5%	2.1%	0.2%

\*Return on Sales: Ordinary Income / Net Sales

# Underlying Profit before One-off Effects



(billion yen)

	FY2015 Actual	1H	2H	FY2016
		Actual	Forecast	Forecast
Net Sales	3,431.7	1,499.5	1,820.5	3,320.0
Ordinary Income (Loss)	<b>64.2</b>	<b>(10.1)</b>	<b>80.1</b>	<b>70.0</b>
ROS (*)	1.9%	(0.7%)	4.4%	2.1%
One-off Effects	<b>(78.0)</b>	<b>(48.0)</b>	<b>73.0</b>	<b>25.0</b>
<b>Underlying Profit before One-off Effects</b>	<b>140.0</b>	<b>38.0</b>	<b>7.0</b>	<b>45.0</b>
ROS (*)	<b>4.1%</b>	<b>2.5%</b>	<b>0.4%</b>	<b>1.4%</b>

\*Return on Sales: Ordinary Income / Net Sales

# Cash Flow Estimate of FY2016

JFE

(billion yen)

Source	Usage
Net Income	Dividends, Working Capital etc.
50	60
Depreciation	Capex, Investments
190	240
Asset Sales etc.	
60	
<b>300</b>	<b>300</b>

For further strengthening the manufacturing base and investment business overseas with financial soundness, JFE is selling assets of 100 billion yen including sale of investment securities by the end of fifth mid-term

(Forecast as of March 31, 2017)

Debt Outstanding	1,380 billion yen
D/E Ratio	52.0%

**D/E Ratio = Debt Outstanding / Shareholders' Equity**

For debt having a capital component, 75% of the 300 billion yen issue price 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

# Dividends



# Dividends

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- JFE Holdings has decided to propose at its general meeting of shareholders a yearend dividend of 20 yen per share, which would bring the annual dividend to 20 yen per share.



# Appendix



# Main Financial Data

(Forecast)

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
<b>Ordinary Income (Bn. Yen)</b>	218.3	502.9	400.5	69.2	165.8	52.9	52.2	173.6	231.0	64.2	70.0
<b>ROS ※1</b>	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	6.0%	1.9%	2.1%
<b>ROE ※2</b>	15.9%	17.5%	13.7%	3.3%	4.1%	(2.6%)	2.7%	6.3%	7.7%	1.8%	2.7%
<b>ROA ※3</b>	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.5%	1.7%	2.0%
<b>Debt Outstanding</b>	1,837	1,282	1,769	1,468	1,496	1,594	1,596	1,534	1,501	1,379	1,380
<b>D/E Ratio ※4</b>	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	59.0%	56.9%	52.0%
<b>Net Income (yen/share)</b>	185.8	450.6	355.6	86.4	110.7	(68.7)	71.2	177.4	241.6	58.4	86.7
<b>Dividend (yen/share)</b>	30	120	90	20	35	20	20	40	60	30	(E) 20
<b>Pay-out Ratio</b>	16.1%	26.6%	25.3%	23.1%	31.6%	—	28.1%	22.5%	24.8%	51.4%	23.1%

※1 ROS = Ordinary income / Net sales

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

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

※4 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)

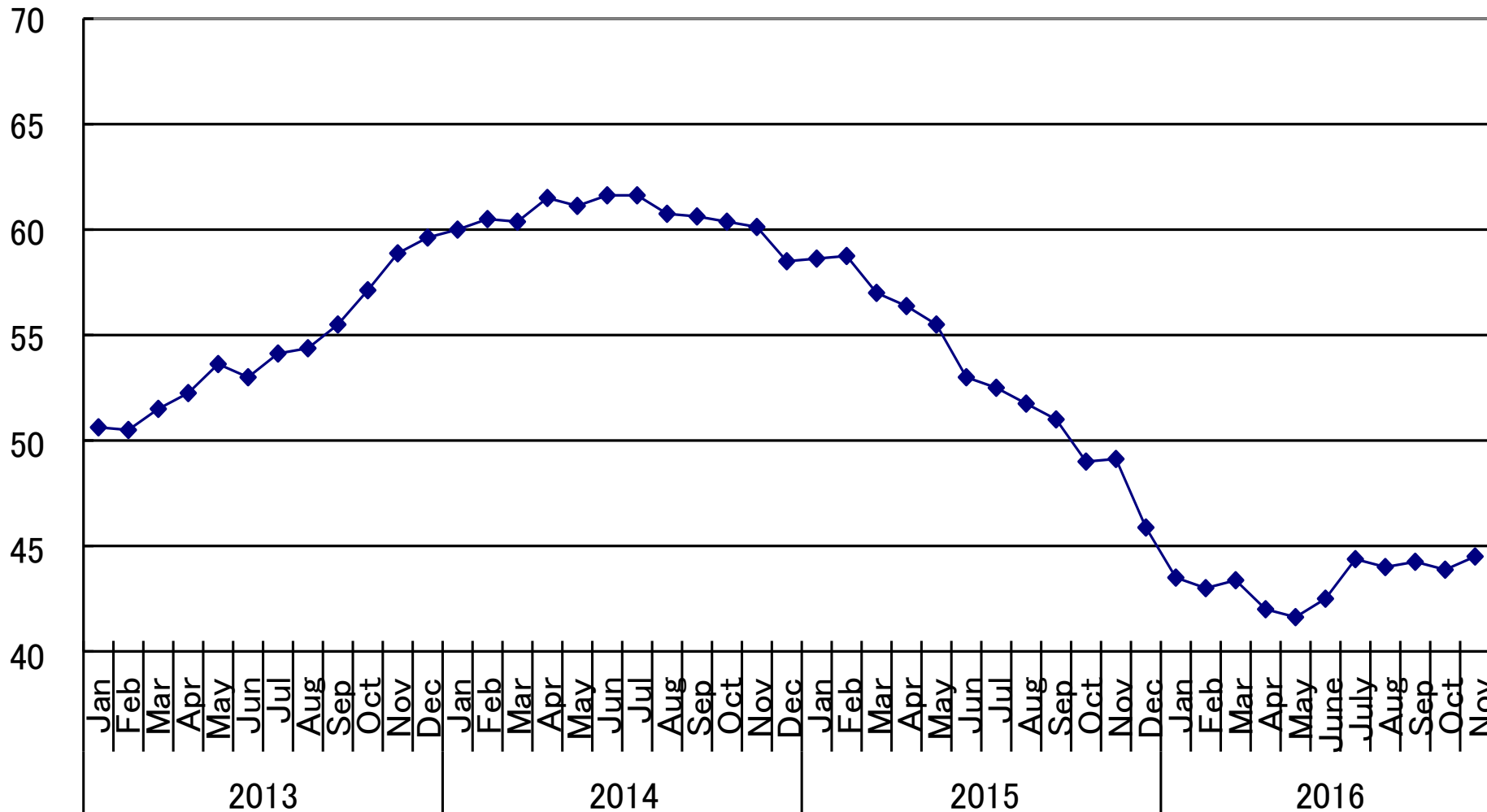
Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
March 18, 2013	300.0 billion yen	75%	225.0 billion yen
June 30, 2016	200.0 billion yen	25%	50.0 billion yen



Domestic Market Environment

# Price Trend of Import Steel

(000 yen/ton)



Data: Japanese Steel Association

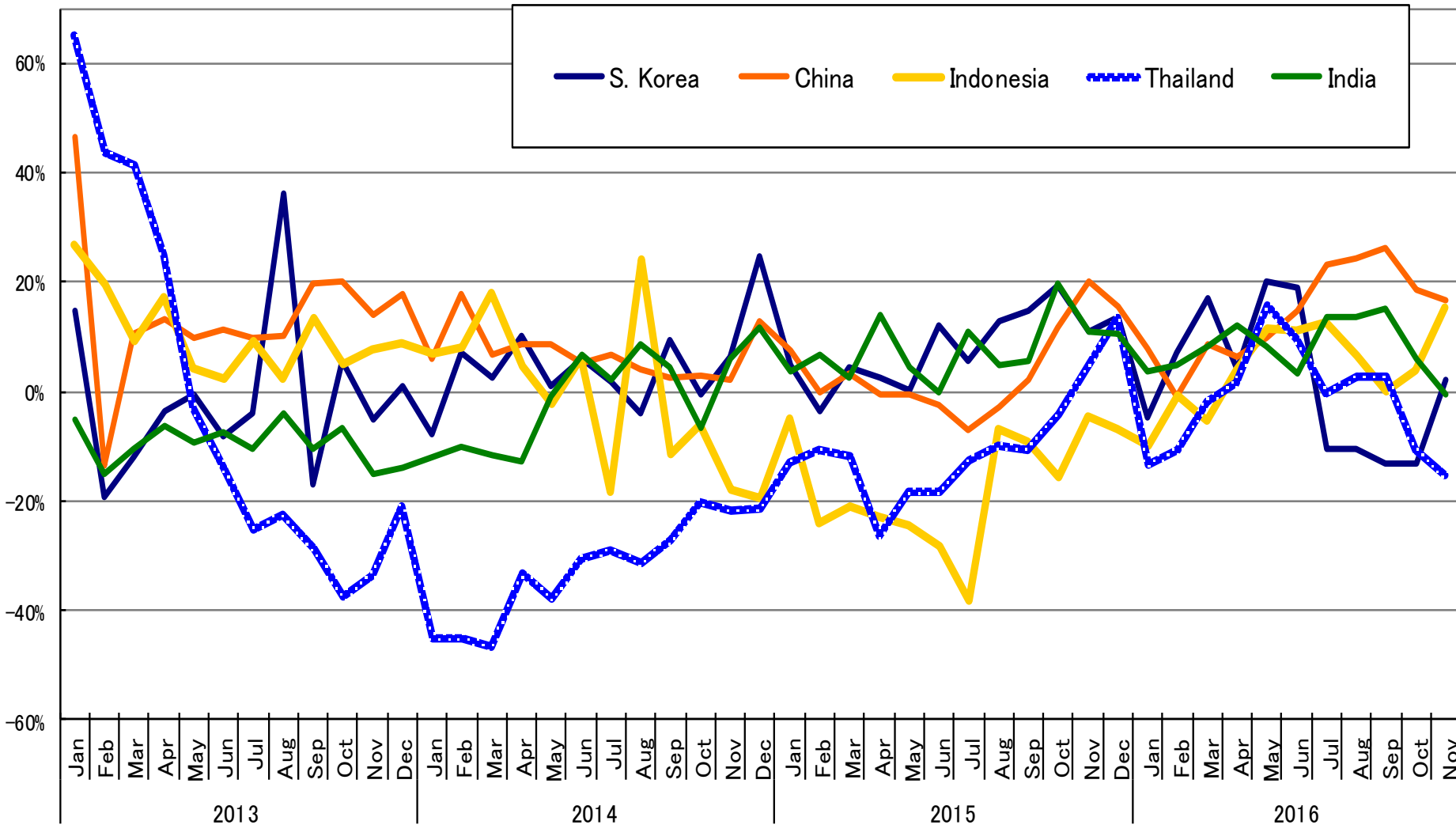
Import Steel from S. Korea



Overseas Market Environment

# Auto Sales in Key Countries

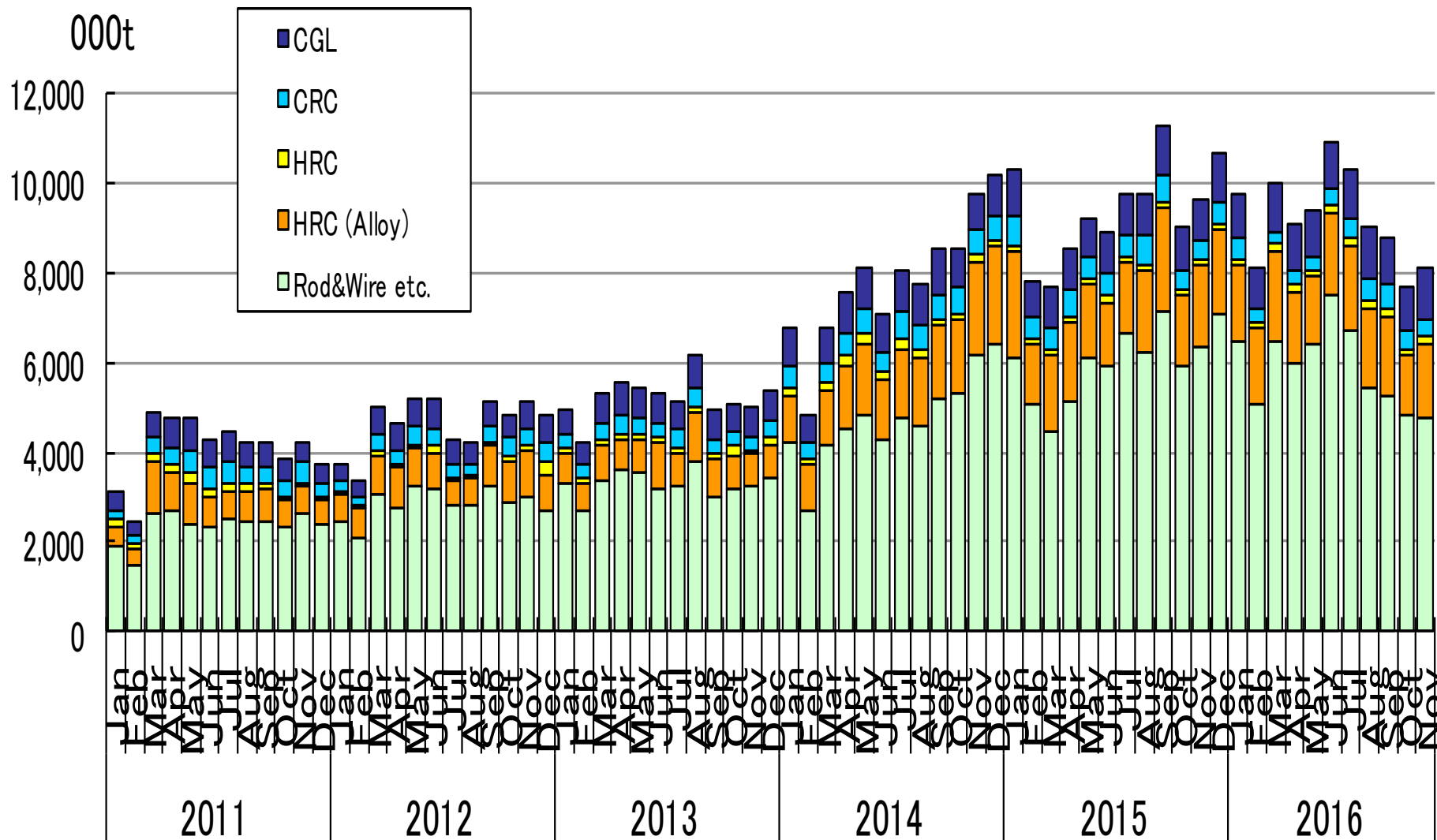
Automobile Sales in Key Countries (YoY Change)





Overseas Market Environment

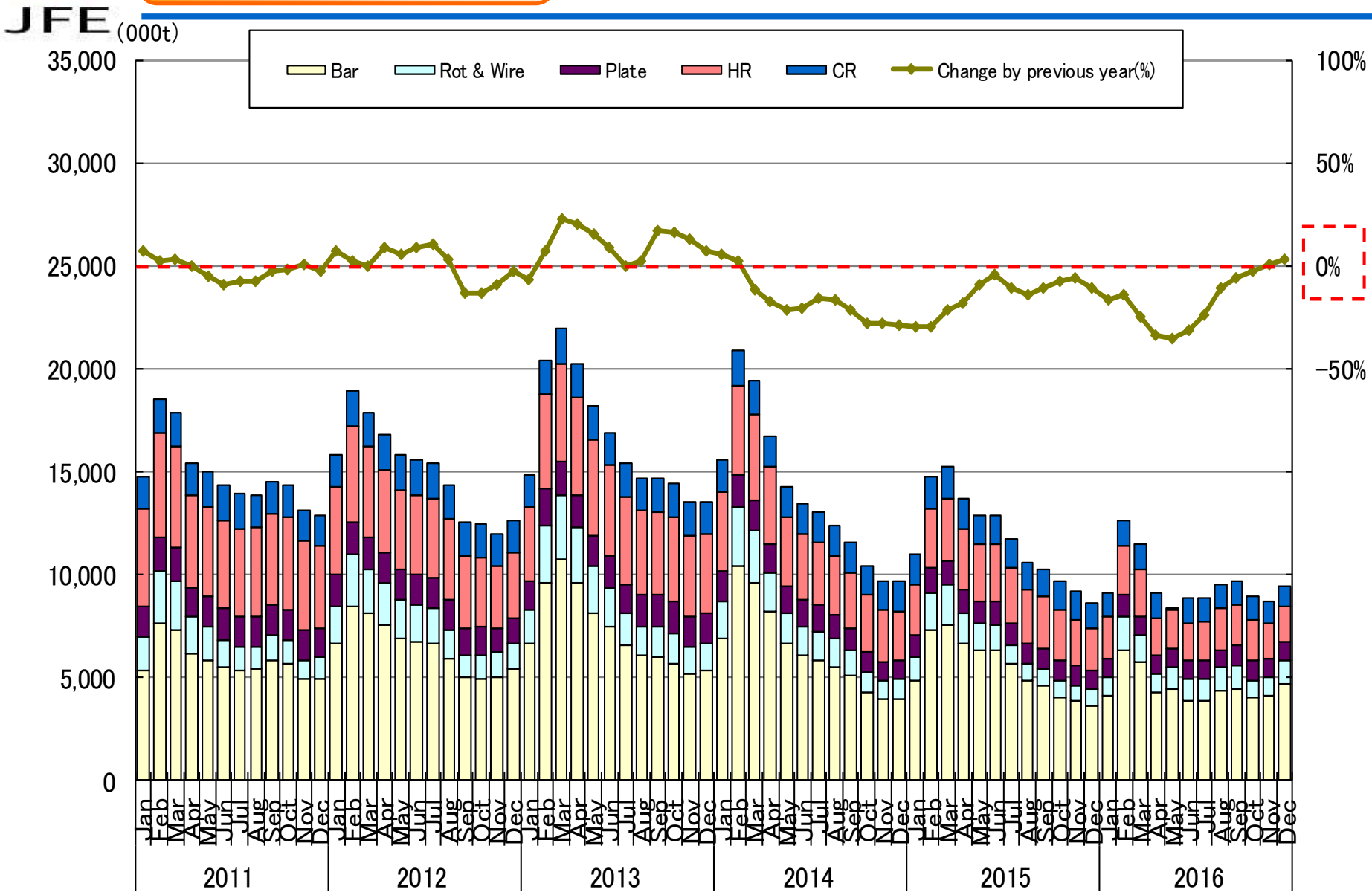
# Exports from China by Products





Overseas Market Environment

# Inventories in China by Products

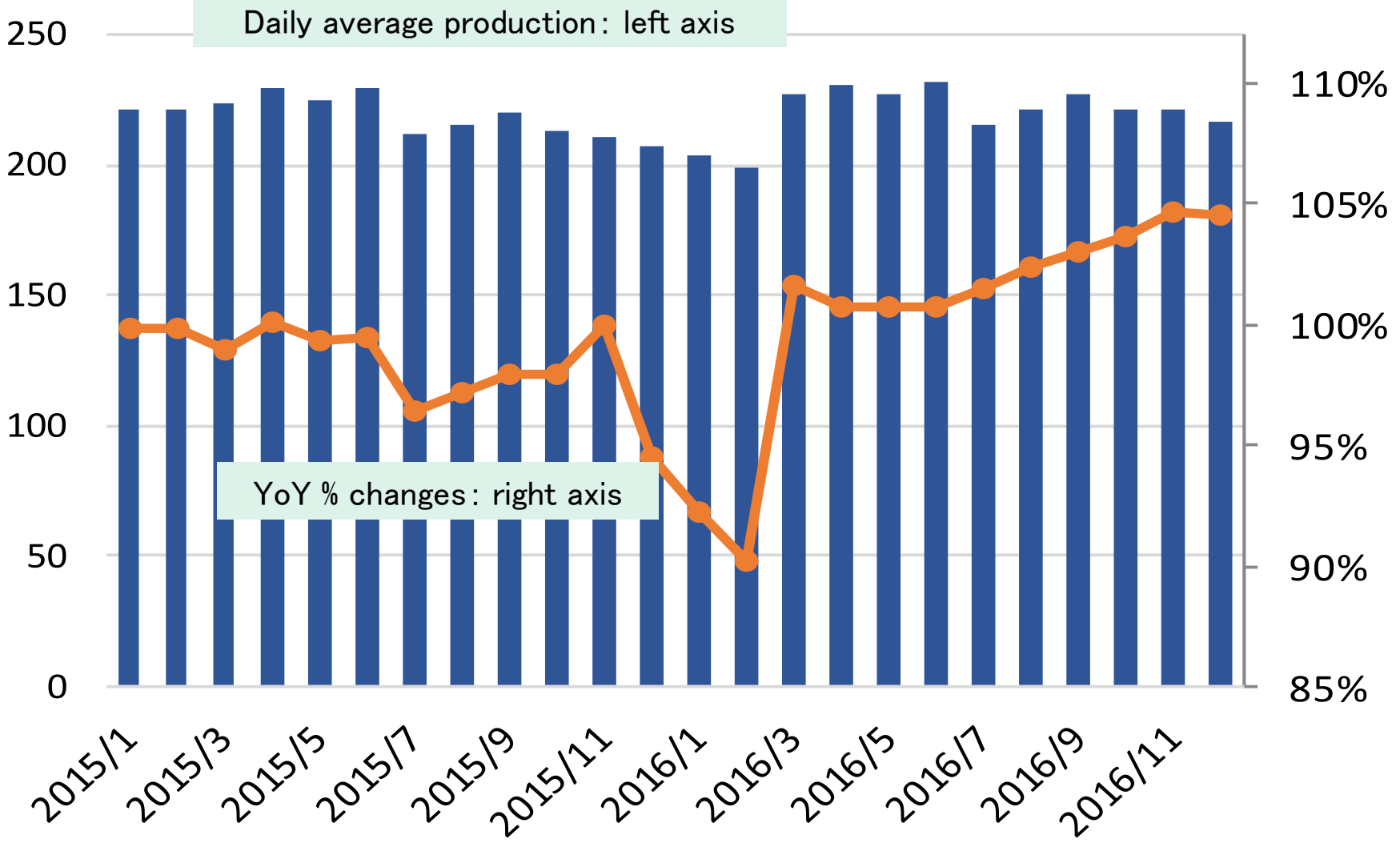




Overseas Market Environment

# Daily average crude steel production in China

(Mt/day)

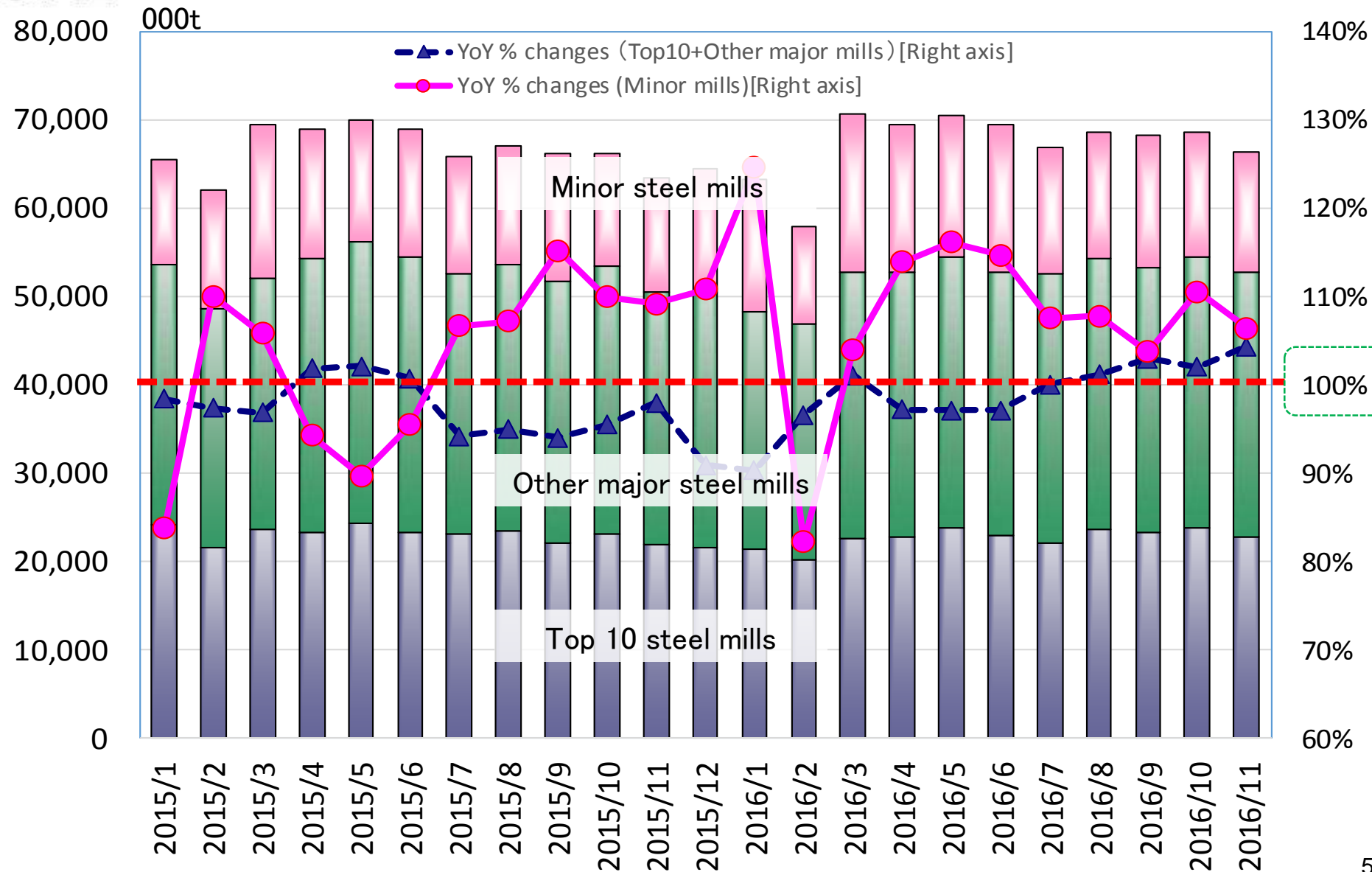


※Daily Average Production = Monthly Production / Dates



Overseas Market Environment

# Crude Steel Production in China by Steel Mills





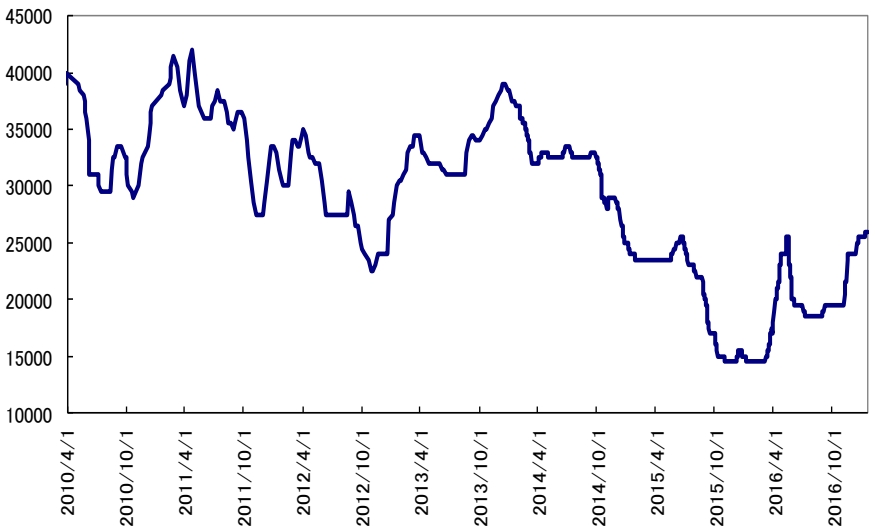


# Raw Materials

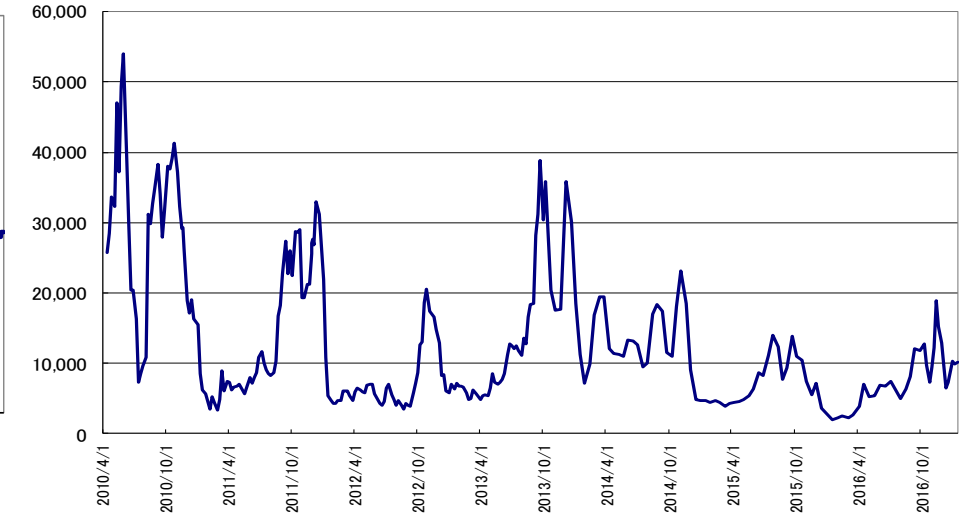
## Trend of Market Price

JFE

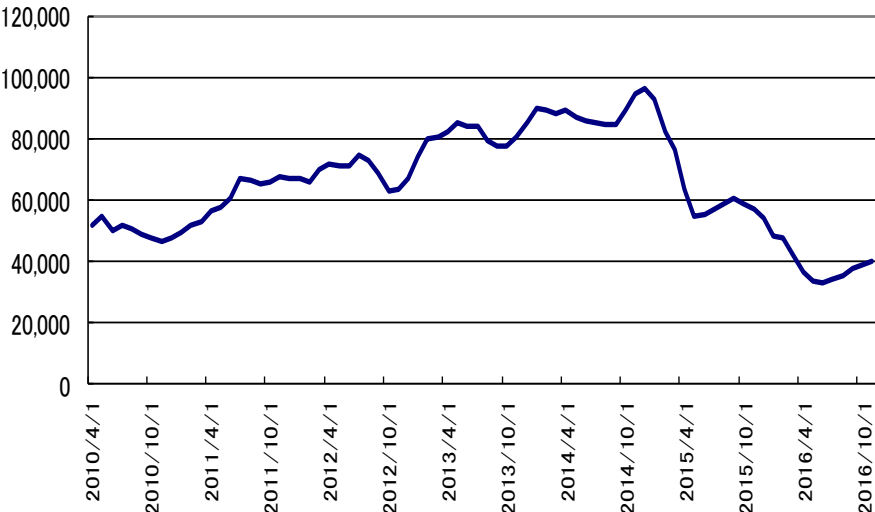
(yen/t) Scrap



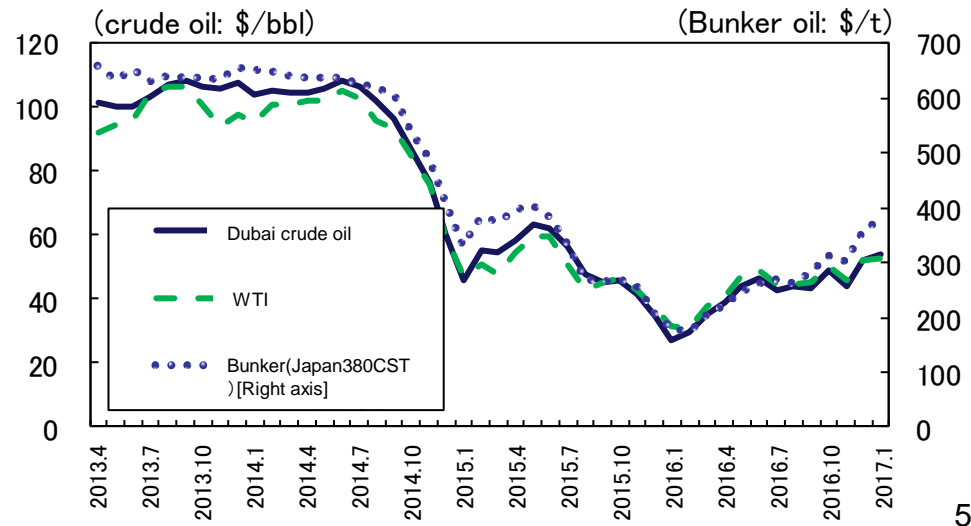
(\$/day) Spot Bulker



(yen/t) LNG Price



Oil



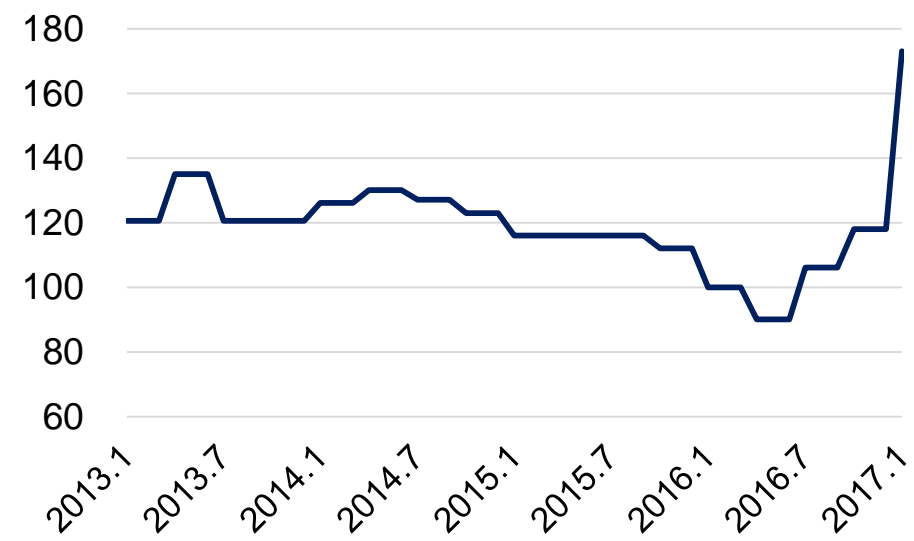


# Raw Materials

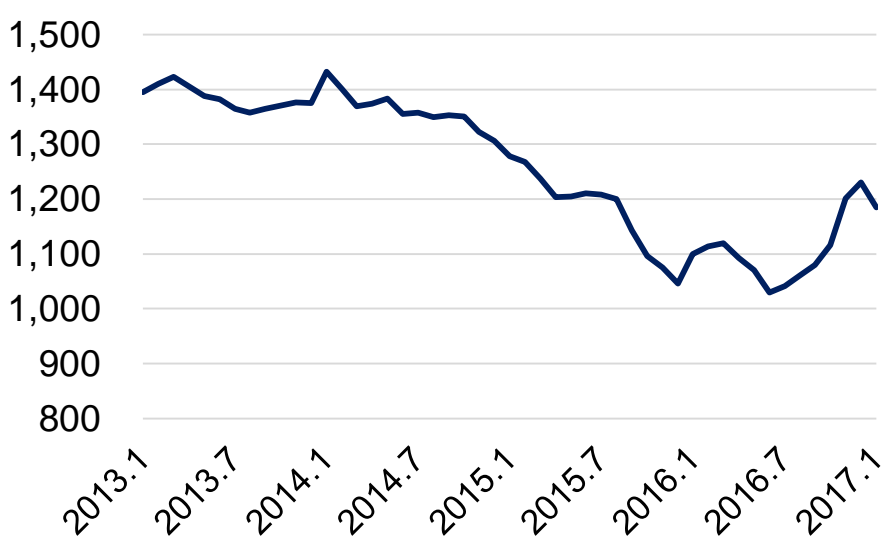
## Trend of Metals' Market Price

JFE

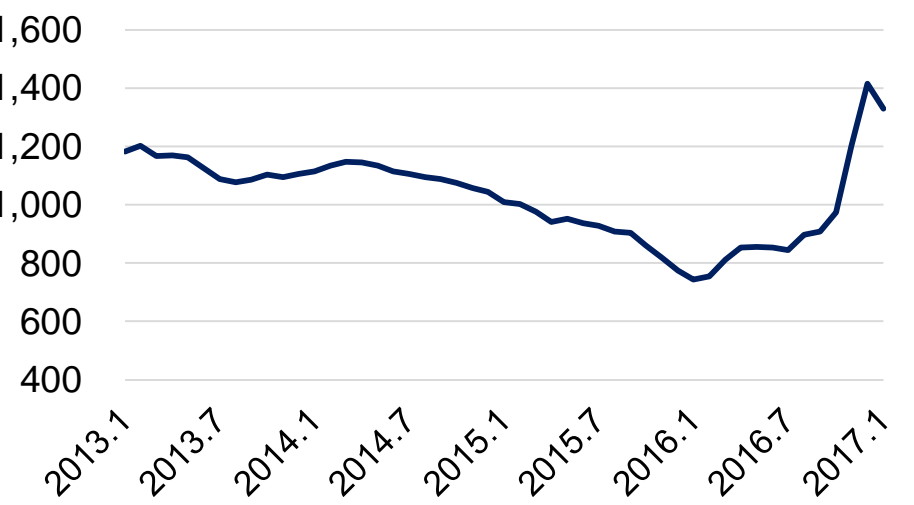
(¢/lb) FeCr



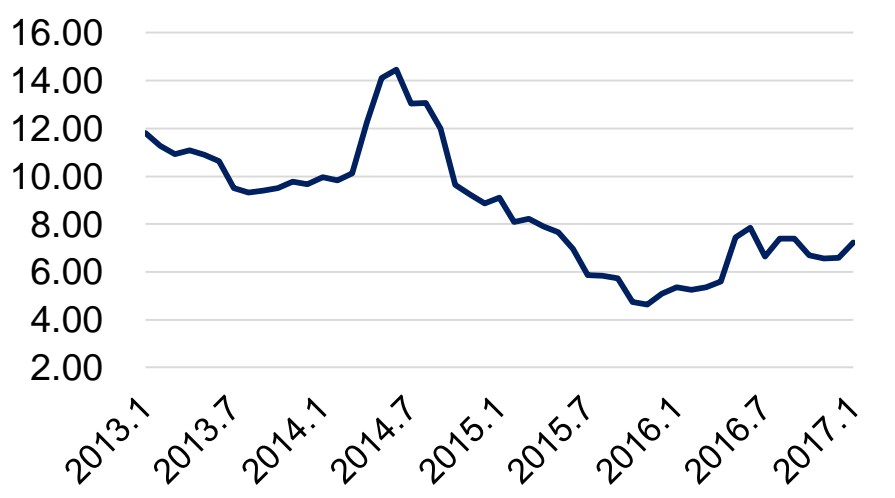
(U\$/t) FeSi



(U\$/t) FeMn



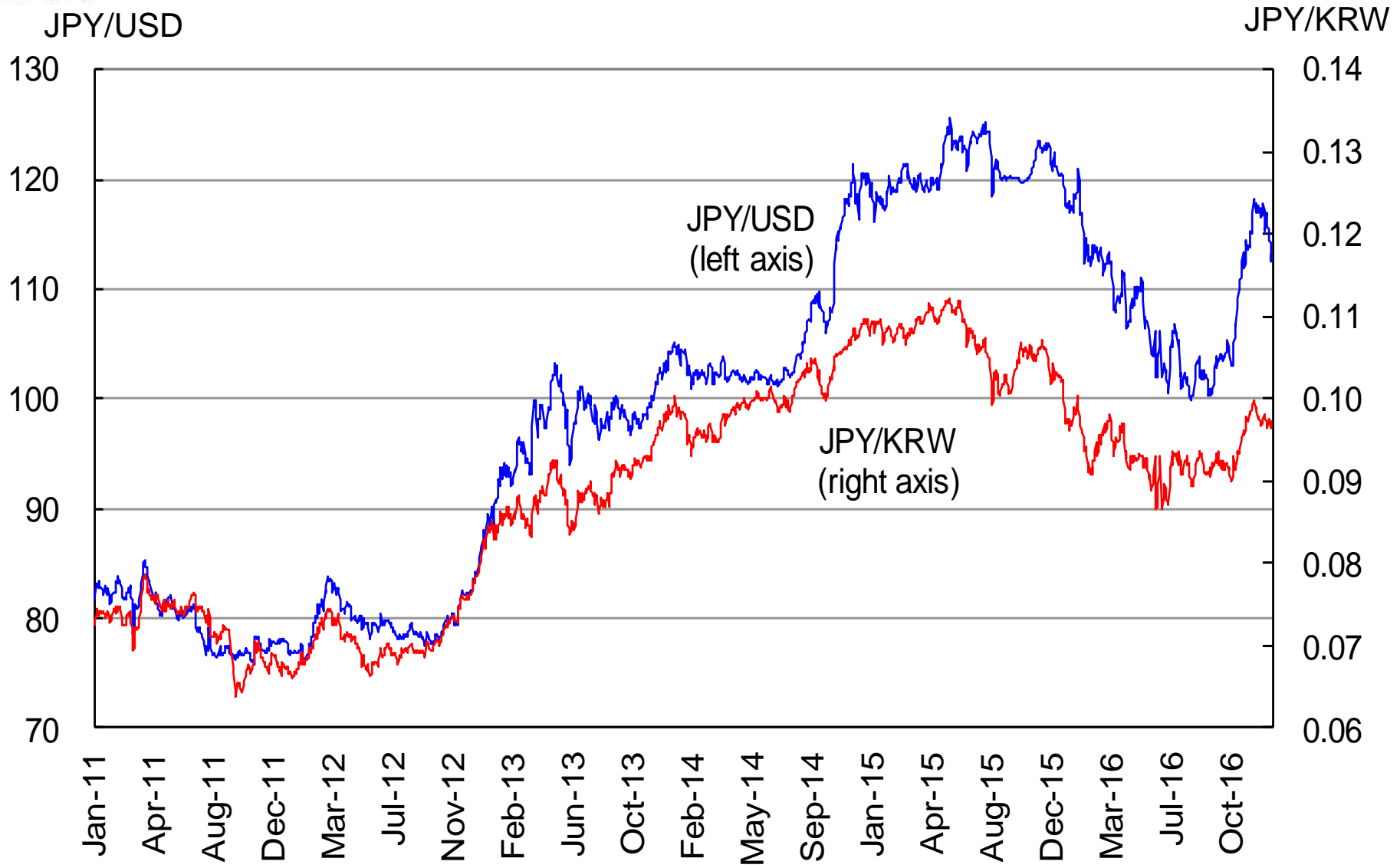
(U\$/lb) Mo





# Trend of exchange rate (against USD,KRW)

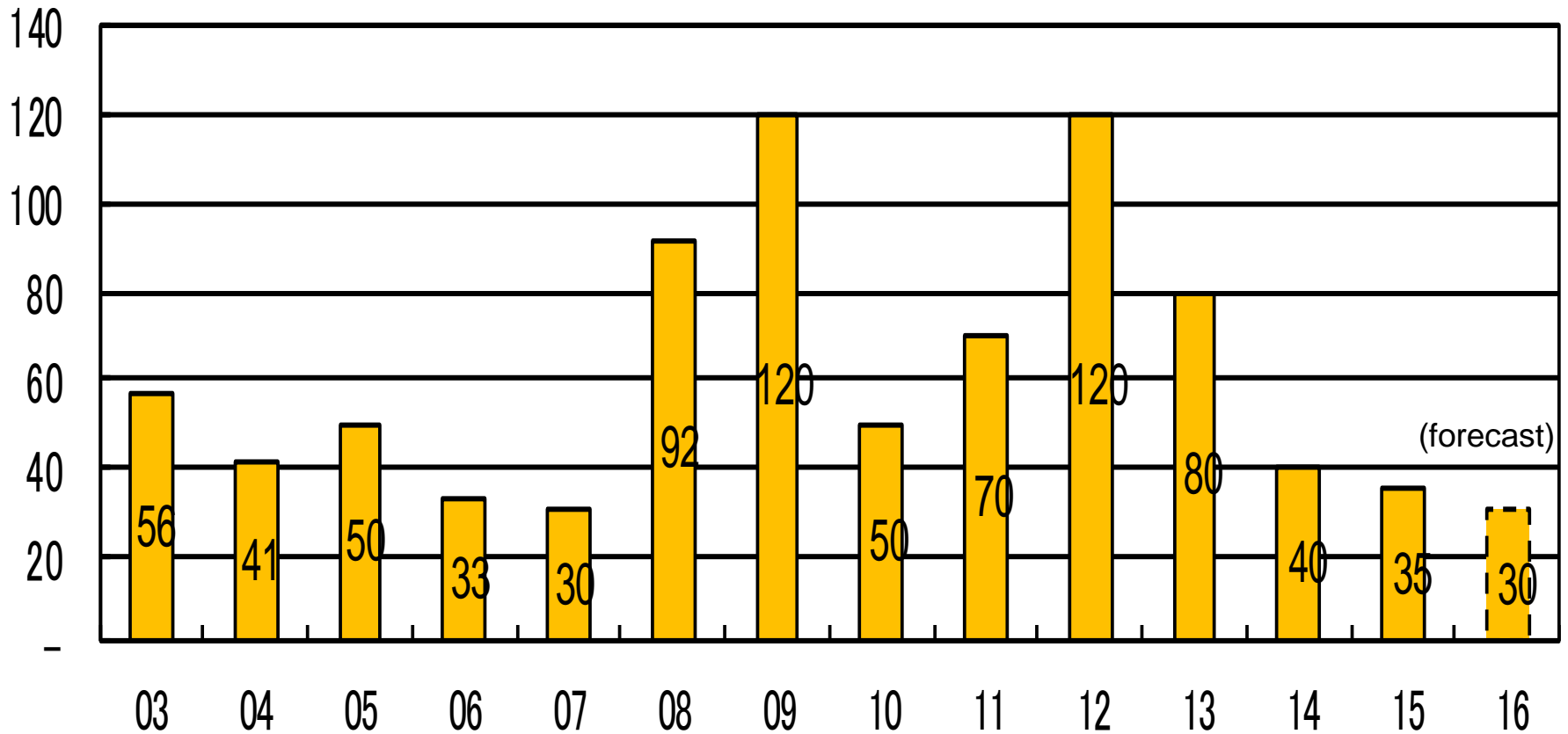
JFE



# Cost Reduction (Steel Business)

JFE

(billion yen)



JFE Steel (non-consolidated basis)



**JFE**