



JFE Group

***Financial Results in First Half of
Fiscal Year 2016 ending March 31, 2017***

JFE Holdings, Inc.

October, 2016



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 in First Half
of Fiscal 2016
(April 1 to September 30, 2016)**

Financial Results in First Half of Fiscal 2016



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(billion yen)

	FY2015 1H (Apr-Sep)	FY2016 1H (Apr-Sep)	Change
Net Sales	1,713.2	1,499.5	(213.7)
Operating Income	49.4	4.0	(45.4)
Non-operating Income	(1.0)	(14.1)	(13.1)
Ordinary Income (Loss)	48.3	(10.1)	(58.4)
Extraordinary Profit (Loss)	-	3.5	3.5
Income (Loss) before Income Taxes and Minority Interests	48.3	(6.5)	(54.8)
Tax Expense and Profit Attributable to Non-controlling Interests	(18.4)	(1.8)	(16.6)
Profit (Loss) Attributable to Owners of Parent	29.9	(8.4)	(38.3)

Financial Results in First Half of Fiscal 2016 (by Segment)

(billion yen)

	FY2015 1H (Apr-Sep)	FY2016 1H (Apr-Sep)	Change
Steel Business	1,246.0	1,072.4	(173.6)
Engineering Business	153.5	175.3	21.8
Trading Business	914.5	775.8	(138.7)
Adjustments	(601.0)	(524.0)	77.0
Net Sales	1,713.2	1,499.5	(213.7)
Steel Business	38.6	(24.4)	(63.0)
Engineering Business	(0)	7.6	7.6
Trading Business	9.8	7.6	(2.2)
Adjustments	(0)	(1.0)	(1.0)
Ordinary Income (Loss)	48.3	(10.1)	(58.4)

Financial Results in First Half of Fiscal 2016 (by Segment)



(billion yen)

		FY2016 1H (Apr-Sep)		Change
		Previous Forecasts	Actual Results	
	Steel Business	1,100.0	1,072.4	(27.6)
	Engineering Business	180.0	175.3	(4.7)
	Trading Business	780.0	775.8	(4.2)
	Adjustments	(530.0)	(524.0)	6.0
	Net Sales	1,530.0	1,499.5	(30.5)
	Steel Business	(33.0)	(24.4)	8.6
	Engineering Business	5.5	7.6	2.1
	Trading Business	7.5	7.6	0.1
	Adjustments	0	(1.0)	(1.0)
	Ordinary Income (Loss)	(20.0)	(10.1)	9.9



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



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□ Forecasts of Financial Results in Fiscal 2016

Revise down the consolidated forecast of financial results in Fiscal 2016 under the current business environment with a significant cost increase in steel business due to a hike in coking coal prices

• New forecasts of Ordinary Income: 30 billion yen

Previous forecasts (announced on July 29, 2016): 65 billion yen

□ Current Business Activities

Under the harsh business conditions, JFE strive to strengthen its profit base by steadily implementing measures specified in the fifth medium-term business plan by means of securing additional financial sources including asset sales

- ◆ Domestic: Further strengthen the manufacturing base in Japan with stable production and reduce costs additionally
- ◆ Overseas: Strengthen business in prioritized field especially in auto sector and pursue growth investment from a middle- & long-term perspective



Financial Forecasts for Fiscal 2016

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(billion yen)

	Previous Forecast (Jul. 29, 2016)		Updated Forecast (Oct. 28, 2016)		Change 1H	Change Full year
	1H	Full year	1H (A)	Full year		
Net Sales	1,530.0		1,499.5	3,290.0	(30.5)	
Operating Income	(5.0)		4.0	50.0	9.0	
Non-operating Income	(15.0)		(14.1)	(20.0)	0.9	
Ordinary Income (Loss)	(20.0)	65.0	(10.1)	30.0	9.9	(35.0)
Extraordinary Profit (Loss)	-		3.5	3.5	3.5	
Income (Loss) before Income Taxes and Minority Interests	(20.0)		(6.5)	33.5	13.5	
Tax Expense and Profit Attributable to Non-controlling Interests	2.0		(1.8)	(18.5)	(3.8)	
Profit (Loss) Attributable to Owners of Parent	(18.0)		(8.4)	15.0	9.6	
ROS(*)	(1.3%)		(0.7%)	0.9%	0.6%	

*Return on Sales: Ordinary Income / Net Sales



Financial Forecasts for Fiscal 2016

JFE

(billion yen)

	FY2015 (A)		FY2016 (F)		Change 1H	Change Full year
	1H	Full year	1H (A)	Full year		
Net Sales	1,713.2	3,431.7	1,499.5	3,290.0	(213.7)	(141.7)
Operating Income	49.4	90.6	4.0	50.0	(45.4)	(40.6)
Non-operating Income	(1.0)	(26.3)	(14.1)	(20.0)	(13.1)	6.3
Ordinary Income (Loss)	48.3	64.2	(10.1)	30.0	(58.4)	(34.2)
Extraordinary Profit (Loss)	-	10.0	3.5	3.5	3.5	(6.5)
Income (Loss) before Income Taxes and Minority Interests	48.3	74.3	(6.5)	33.5	(54.8)	(40.8)
Tax Expense and Profit Attributable to Non-controlling Interests	(18.4)	(40.6)	(1.8)	(18.5)	16.6	22.1
Profit (Loss) Attributable to Owners of Parent	29.9	33.6	(8.4)	15.0	(38.3)	(18.6)
ROS(*)	2.8%	1.9%	(0.7%)	0.9%	(3.5%)	(1.0%)

*Return on Sales: Ordinary Income / Net Sales

Financial Forecasts for Fiscal 2016 (by Segment)

(billion yen)

	FY2015 (A)		FY2016 (F)		Change 1H	Change Full year
	1H	Full year	1H (A)	Full year		
Steel Business	1,246.0	2,445.1	1,072.4	2,270.0	(173.6)	(175.1)
Engineering Business	153.5	397.5	175.3	450.0	21.8	52.5
Trading Business	914.5	1,756.4	775.8	1,670.0	(138.7)	(86.4)
Adjustments	(601.0)	(1,167.4)	(524.0)	(1,100.0)	77.0	67.4
Net Sales	1,713.2	3,431.7	1,499.5	3,290.0	(213.7)	(141.7)
Steel Business	38.6	27.8	(24.4)	(15.0)	(63.0)	(42.8)
Engineering Business	(0.0)	20.0	7.6	27.0	7.6	7.0
Trading Business	9.8	15.7	7.6	20.0	(2.2)	4.3
Adjustments	(0.0)	0.6	(1.0)	(2.0)	(1.0)	(2.6)
Ordinary Income (Loss)	48.3	64.2	(10.1)	30.0	(58.4)	(34.2)



JFE Steel

Financial Results in First Half of Fiscal Year 2016

Production and Shipment

(million tons)

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

	FY2015 1H A	FY2015 Full year	FY2016 1H (A) B	Change B-A
Crude Steel	13.45	27.36	14.00	0.55
Shipment	12.37	25.39	12.60	0.23

■ Crude Steel Production (consolidated basis)

Crude Steel	14.69	29.75	15.14	0.45
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13.6 Billion Yen decrease in JFE Steel's Ordinary Income (FY15 2H vs. FY16 1H)



(billion yen)

JFE Steel	FY15 2H Actual	FY16 1H Actual	Change 2H → 1H
Ordinary Income	(10.8)	(24.4)	(13.6)

- Cost reduction + 7.0
- Volume and Product mix 0.0
- Sales and Raw materials - 7.0
- Inventory valuation - 16.0
- Others + 2.4

TOTAL - 13.6

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



(billion yen)

JFE Steel	FY16 1H Forecast	FY16 1H Actual	Change 1H (F) → (A)
Ordinary Income	(33.0)	(24.4)	8.6

- Sales and Raw materials + 3.0
- Inventory valuation - 2.0
- Others + 7.6

TOTAL + 8.6



JFE Steel

Financial Forecasts for Fiscal Year 2016



□ Domestic Business Environment

- Domestic steel demand in FY16 remains at a standstill but is forecast to increase from FY15.
- In the 2nd half of FY16, domestic steel demand is forecast to begin recovering slowly mainly in the automobile and construction sectors.

□ Overseas Business Environment

- There are moves toward structural adjustments of steel industry in China like an agreement of integration between Baosteel and Wuhan, but oversupplies of steel are continuing and we need to keep watching production trend in China.
- Also need to keep watching the situation of recent trend of raising steel prices after a sharp hike in coking coal prices.

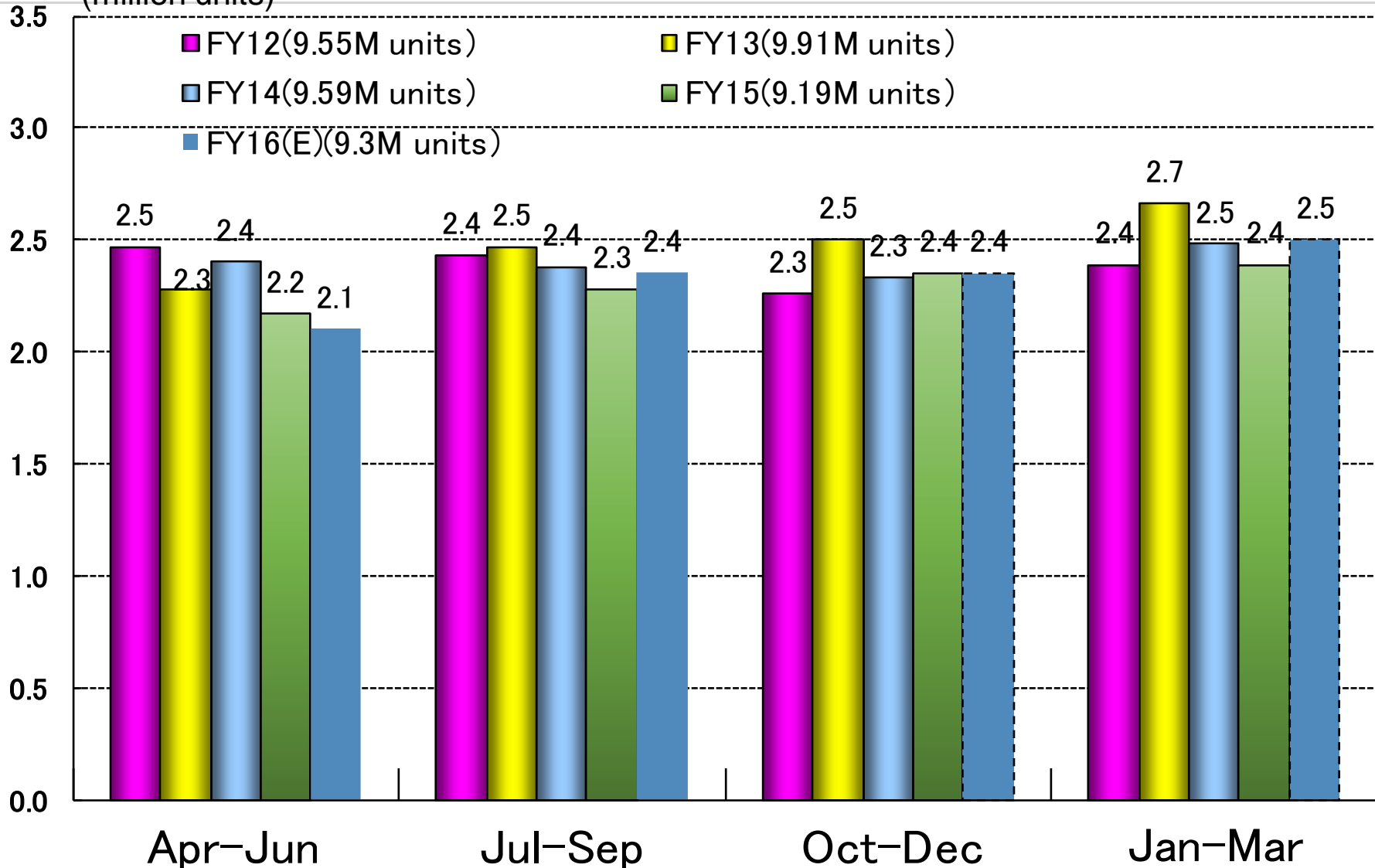


Domestic Market Environment

Outlook for Domestic Auto Production

JFE

(million units)



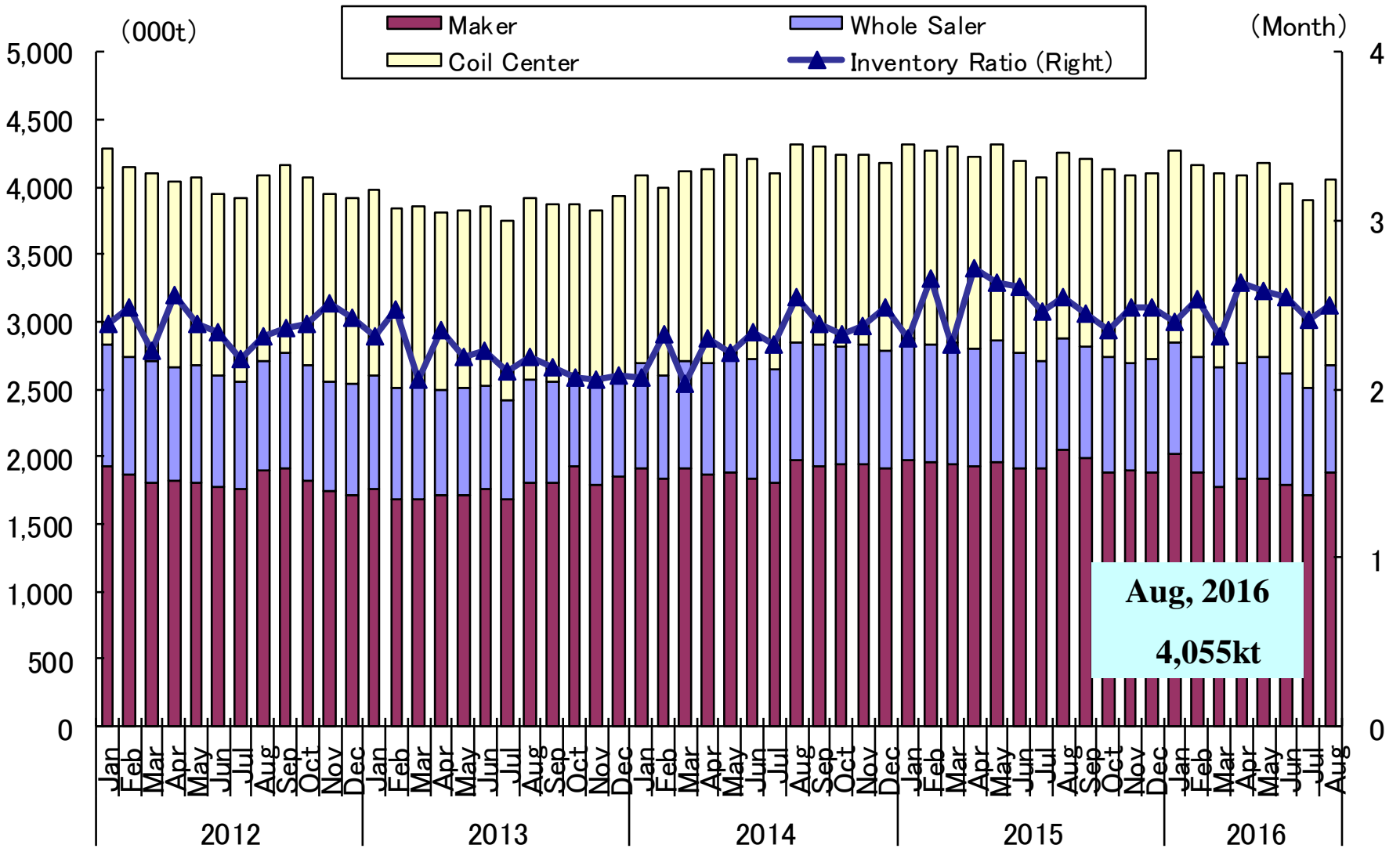


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Domestic Market Environment

Combined Inventories of HR, CR and Coated Steel Sheet

JFE Steel



Aug, 2016
4,055kt

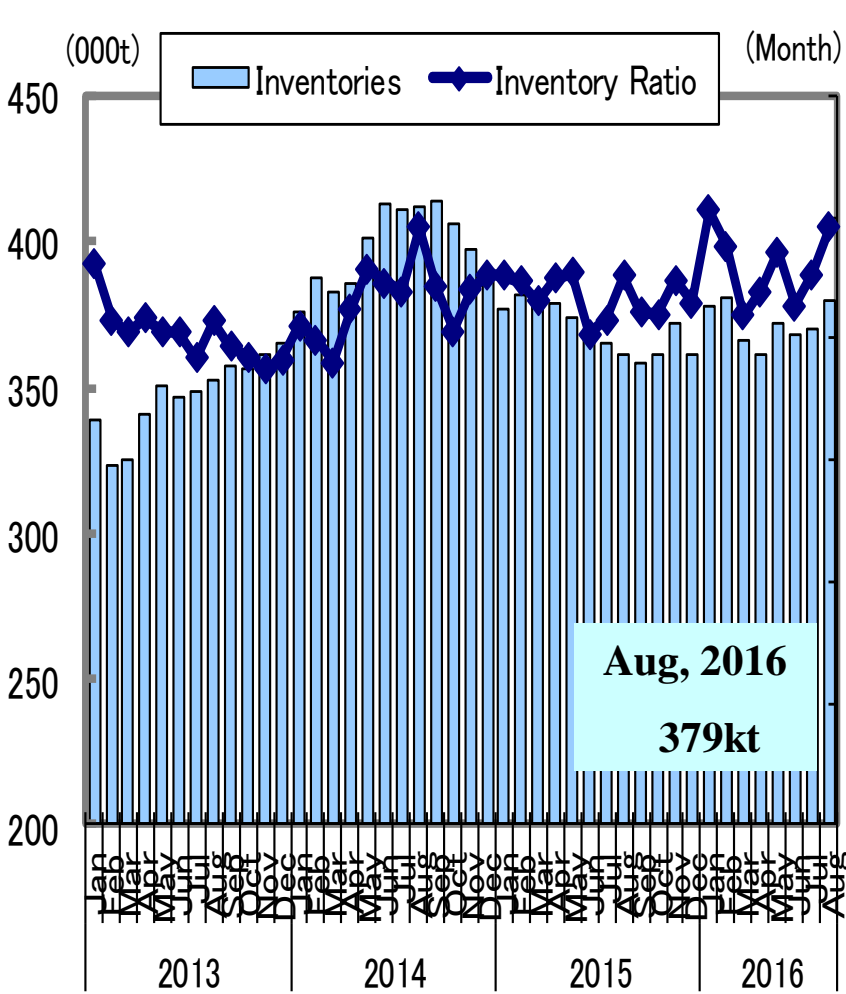


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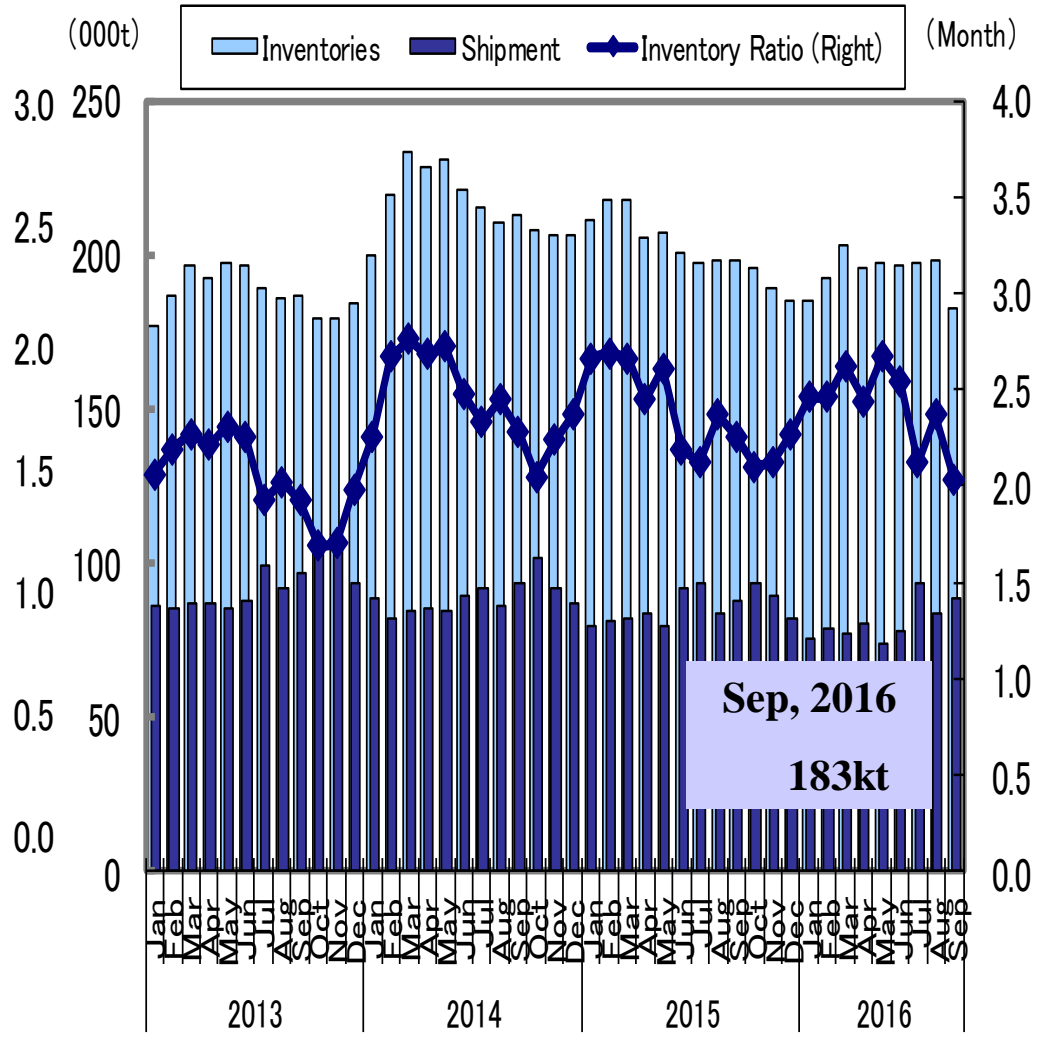
Domestic Market Environment

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

Inventories of Plate (Plate Shear)



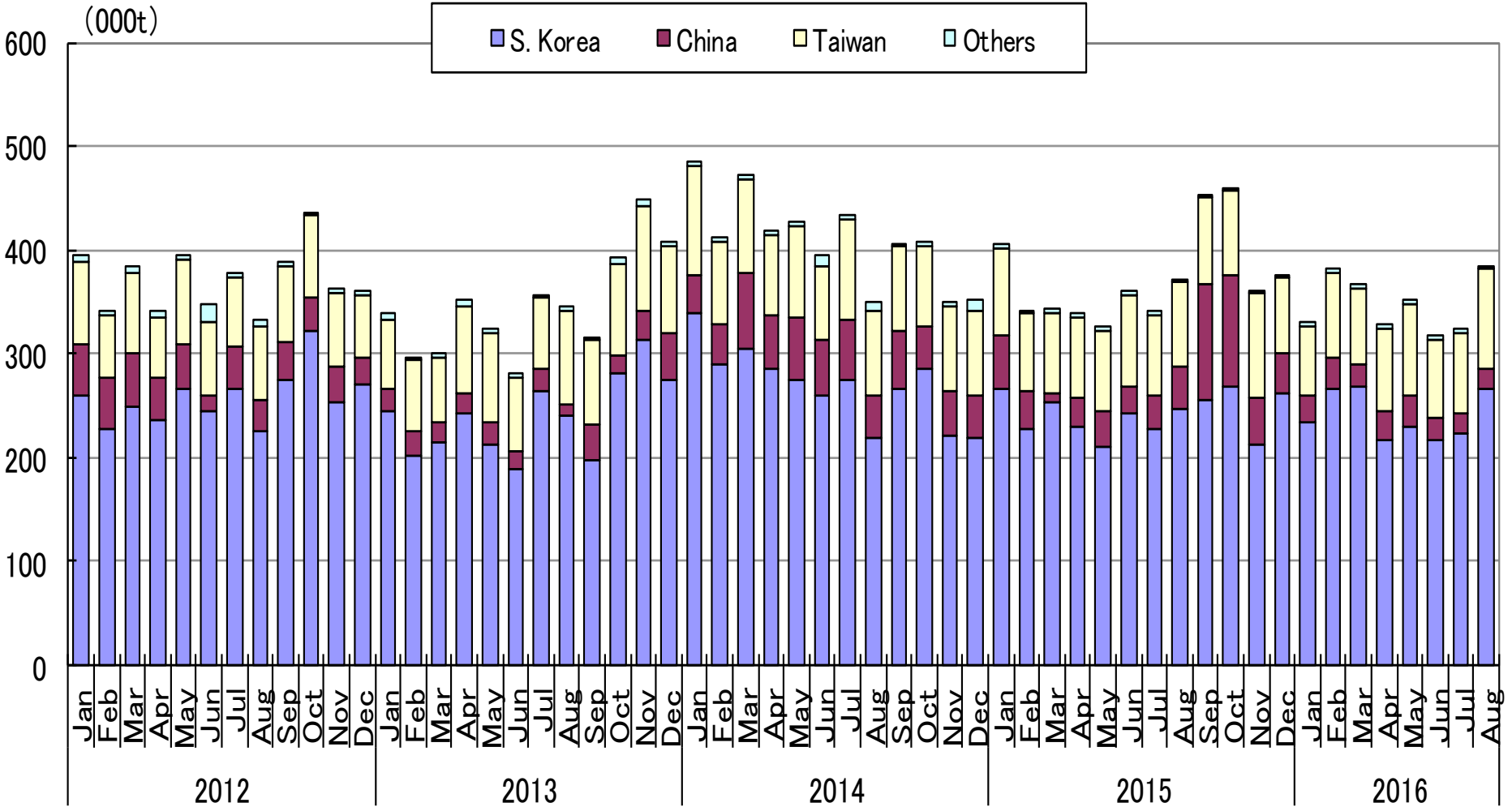
Inventories of Wide Flange Shapes





Domestic Market Environment

Trend of Import Steel (Ordinary Steel)

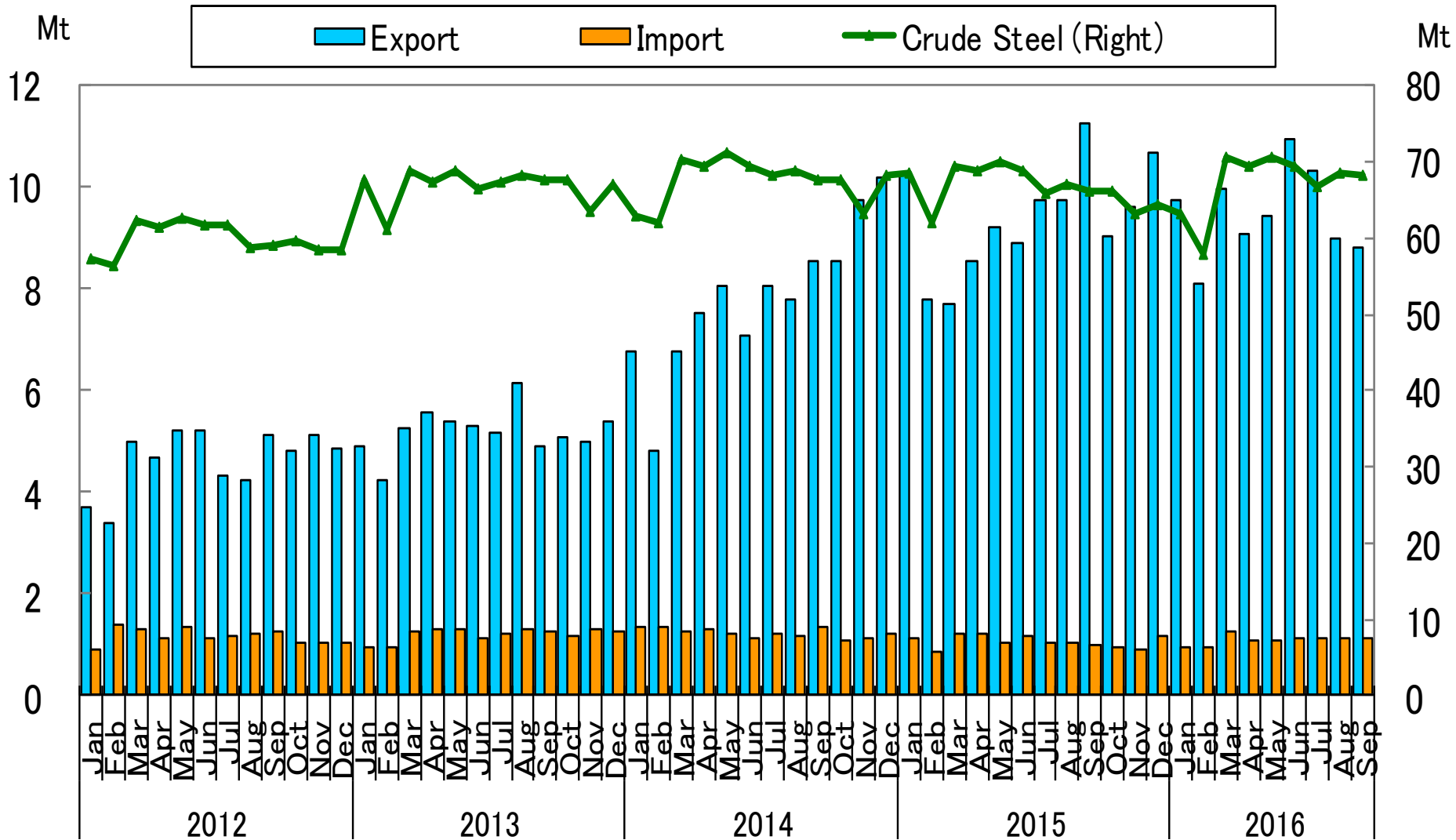




Overseas Market Environment

Crude Steel & Im/Export, China

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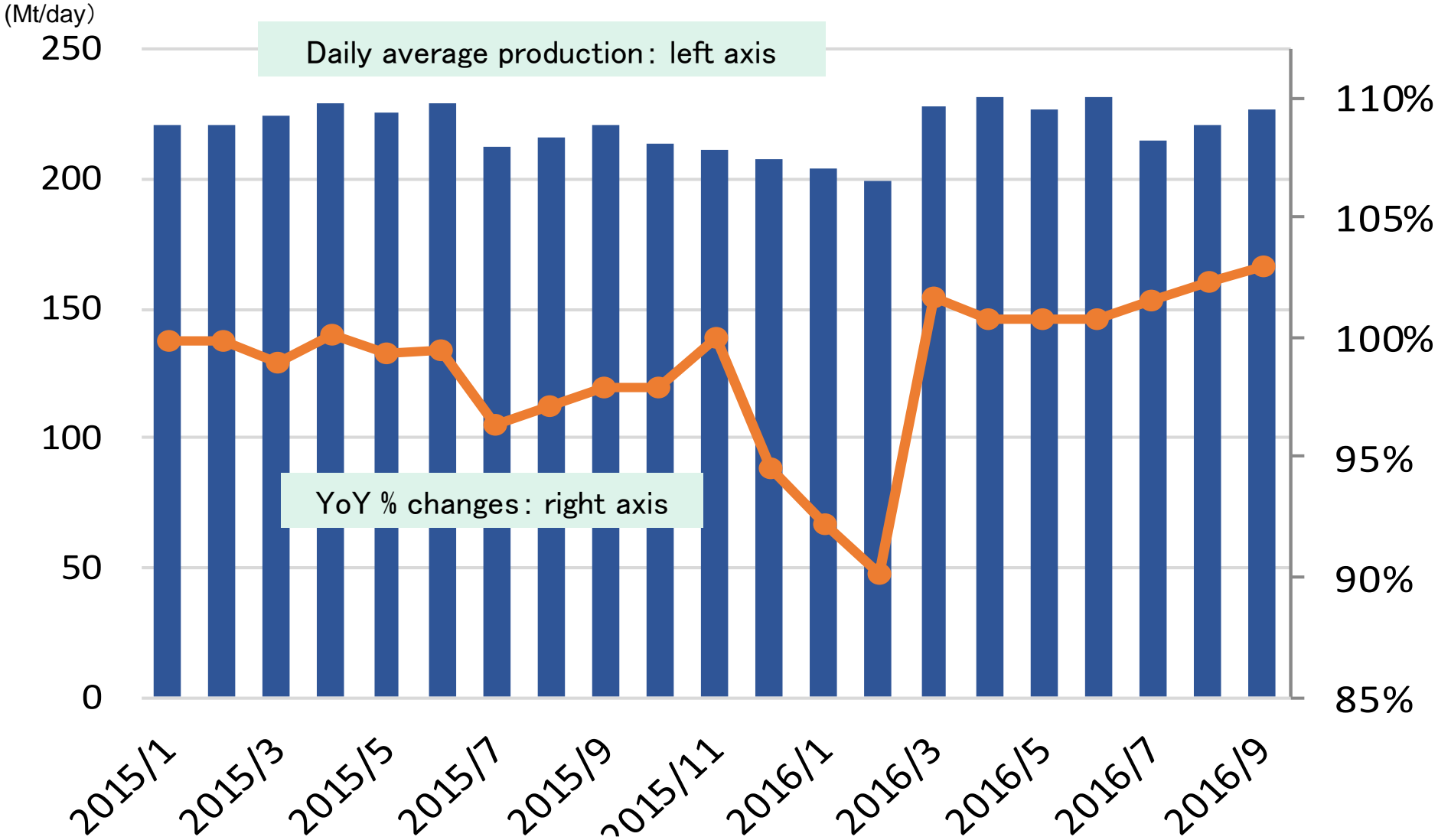
*Crude Steel in Jan and Feb, 2015: WSA's estimation



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Overseas
Market Environment

Daily average crude steel production in China

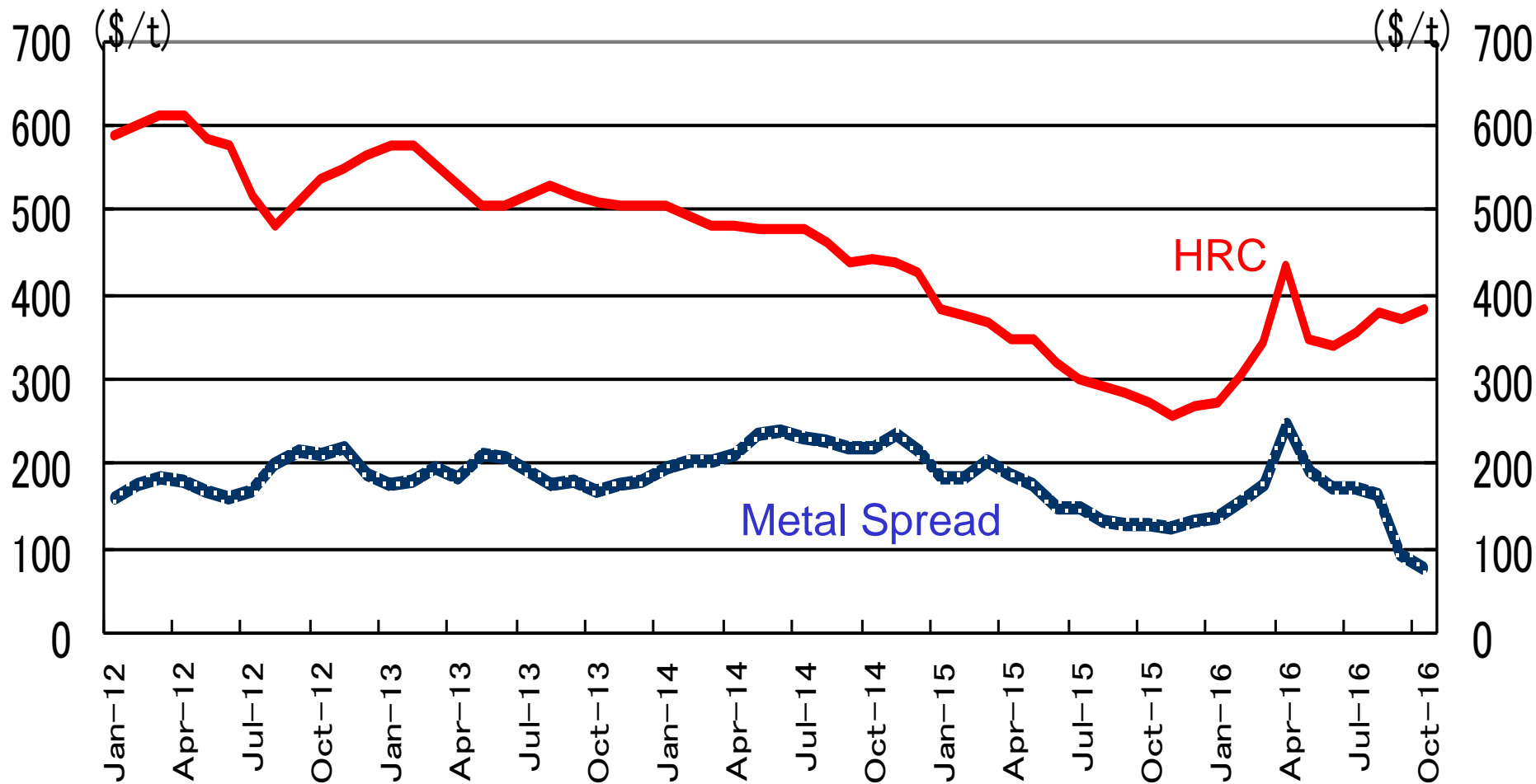


※Daily Average Production = Monthly Production / Dates



Overseas
Market Environment

Metal Spread Trend (Chinese Spot Basis)



Metal Spread = HRC Price — Raw Materials Cost

*HRC Price: Chinese Spot basis

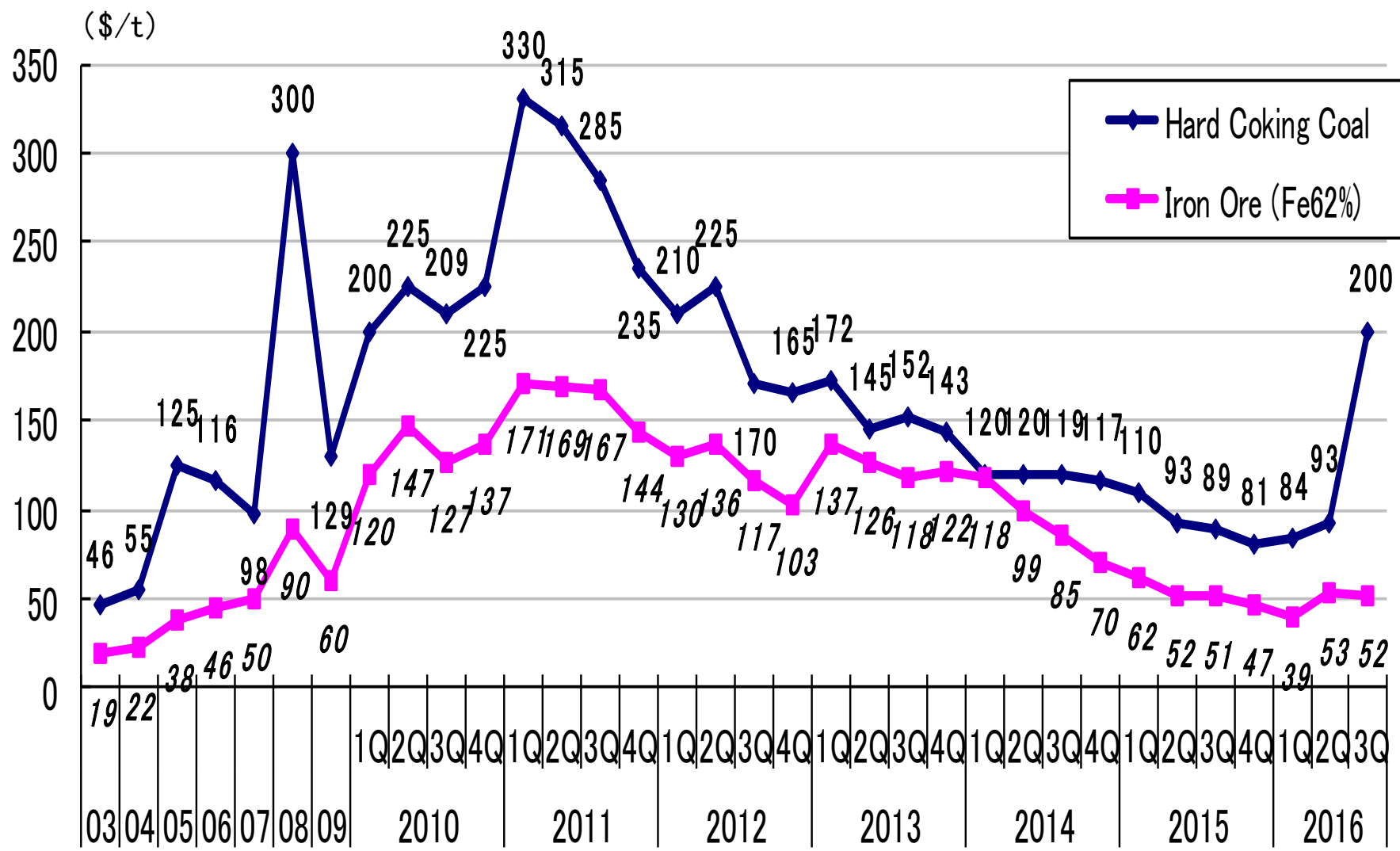
Raw Materials Cost: Calculated from international market price of Iron Ore and Hard Coking Coal



Raw Materials

Raw Materials Price

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Production and Shipment Forecasts

(million tons)

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

	FY2015	FY2016		
	(Actual)	1Q (Actual)	2Q (Actual)	1H (Actual)
Crude Steel	27.36	6.94	7.06	14.00
Shipment	25.39	6.26	6.34	12.60

**Full
year
28.00**

ASP (000yen/t)	66.8	58.5	58.6	58.6
Exchange Rate (yen/\$)	120.6	111.1	103.5	107.3

■ Crude Steel Production (consolidated basis)

Crude Steel	29.75	7.52	7.62	15.14
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Financial Forecasts for FY2016 of JFE Steel

(billion yen)

JFE Steel	FY2015			FY2016			Change 2015 → 2016
	1H	2H		1H	2H		
	(A)	(A)	(A)	(F)	(F)	(F)	
Net Sales	1,246.0	1,199.1	2,445.1	1,072.4	1,197.6	2,270.0	(175.1)
Ordinary Income	38.6	(10.8)	27.8	(24.4)	9.4	(15.0)	(42.8)
ROS(*)	3.1%	-0.9%	1.1%	-2.3%	0.8%	-0.7%	-1.8%

*Return on Sales: Ordinary Income / Net Sales

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

(billion yen)

JFE Steel	FY2016 (Forecast)			Change 1H→2H
	1H	2H	Full year	
Ordinary Income	(24.4)	9.4	(15.0)	+ 33.8

- Cost reduction + 7.0
- Volume and Product mix + 4.0
- Sales and Raw materials - 35.0
- Inventory valuation + 72.0
- Others - 14.2

TOTAL + 33.8

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

(billion yen)

JFE Steel	FY15 Actual	FY16 Forecast	Change FY15→16
Ordinary Income	27.8	(15.0)	(42.8)

■ Cost reduction + 30.0

■ Volume and Product mix - 5.0 ⇒

Product mix etc.

■ Sales and Raw materials - 85.0

■ Inventory valuation + 45.0

■ Others - 27.8 ⇒

Decrease in profit of domestic subsidiary companies.
Increase in depreciation cost

TOTAL -42.8

35.0 Billion Yen decrease in JFE Steel's Ordinary Income (FY16 (Previous Forecast) vs. FY16 (Updated Forecast))

(billion yen)

JFE Steel	FY16 Previous	FY16 Updated	Change FY16 → 16
Ordinary Income	20.0	(15.0)	(35.0)

■ Sales and Raw materials — 45.0

■ Inventory valuation + 22.0

■ Others — 12.0



Decrease in profit of domestic subsidiary companies etc.

TOTAL — 35.0

Progress of Fifth Medium-Term Plan (Domestic)



Further strengthen the manufacturing base in Japan with stable production and reduce costs additionally by continuous capital investments

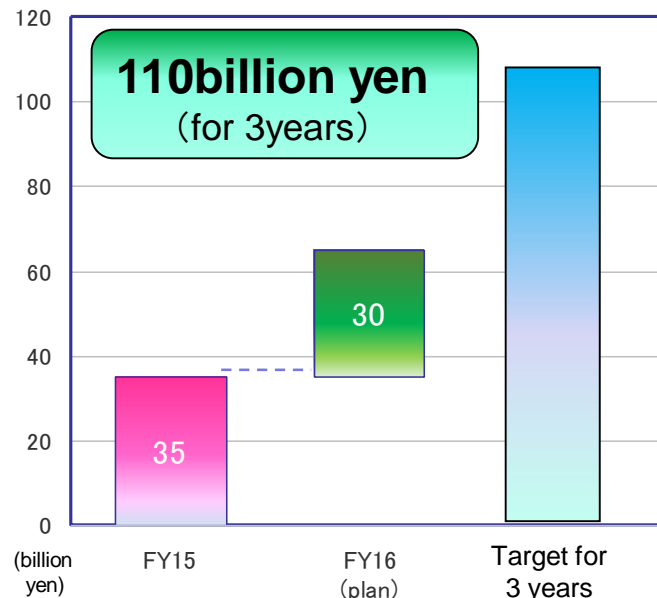
Accelerating Capex plan
(adopted 40% planned investments in FY15)

【Capital investments】 **650billion yen**

<Progress of main items> finished scheduled

Process	Area	Facility	FY14	FY15	FY16	FY17	FY18
Upper Stream	Kura-Shiki	No.3 Coke oven		<u>Jan. 2016</u>			
	Kura-Shiki	No.2 Coke oven				Mar.2017 (scheduled)	
	Chiba	No.6A Coke oven			<u>Oct. 2016</u>		
	Chiba	No.6B Coke oven					
Energy	Chiba	No.4 West Power plant		<u>Jul. 2015</u>			1H FY2018 (scheduled)
	Keihin	No.1 Ogishima Thermal power plant			2H FY2019 (scheduled)		
System	Renovation of the core system of steel works			2H FY2018 (scheduled)			First phase

<Cost reduction>



【Business integration of JFE Group】

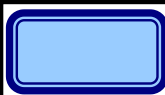
- ◆ Integration of the business of small diameter electric resistance welded pipe : JFE Steel Chita works, JFE Welded Pipe Manufacturing and Kawasaki Kokan (FY2017 scheduled)
- ◆ Integration of the business of facility maintenance and renewal : JFE Plant Engineering (Apr.2016)

Progress of Fifth Medium-Term Plan (Overseas)



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

Prioritized Business Field	Asia			NAFTA	MENA
	East Asia	Southeast Asia	Southwest Asia		
Automobiles Adopt for global procurement	<ul style="list-style-type: none"> China CGL (GJSS) China (JJP) 	<ul style="list-style-type: none"> Thailand CGL (JSGT) Indonesia CGL (JSGI) 	<ul style="list-style-type: none"> India (JSW) 	Expanding production <ul style="list-style-type: none"> Mexico (CGL) USA (AK Steel) 	<ul style="list-style-type: none"> To start operation in FY2019 To start operation in FY2018
Energy Localization in demand region	<ul style="list-style-type: none"> China (PYP) China (BHNK) 	<ul style="list-style-type: none"> Singapore (JFE-TC) 	Started operation in Jan. 2016	<ul style="list-style-type: none"> USA (CSI) USA (Benoit) 	<ul style="list-style-type: none"> UAE (AL GHARBIA)
Infrastructure Target in growing Asia		<ul style="list-style-type: none"> Vietnam (J-Spiral) Vietnam (GECOSS VN) 	Established in Aug. 2016 (Lease of steel for temporary works)		<ul style="list-style-type: none"> Egypt (Kandil)
Overseas BF Aiming JFE Brand 40 million tons		<ul style="list-style-type: none"> Vietnam (FHS) 			

 Prioritized region of the fifth medium-term



JFE Engineering

Financial Forecasts

for Fiscal Year 2016



Financial Forecasts for FY2016 of JFE Engineering

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(billion yen)

	FY2016 (previous)		FY2016 (updated)		Change 1H	Change Full year
	1H	Full year	1H(A)	Full year		
Orders	220.0		186.9	500.0	(33.1)	
Net Sales	180.0		175.3	450.0	(4.7)	
Ordinary Income	5.5	25.0	7.6	27.0	+2.1	+2.0

【Change】

(FY2016 1H of previous forecast to actual result)

- Orders: -33.1 Period-difference of receiving orders
- Ordinary Income: +2.1 Cost reduction in Environment and Energy Sector

(FY2016 Full year of previous forecast to updated forecast)

- Ordinary Income: +2.0 Cost reduction in Environment and Energy Sector



Financial Forecasts for FY2016 of JFE Engineering

(billion yen)

	FY2015(A)		FY2016 (F)		Change	Change
	1H	Full year	1H(A)	Full year	1H	Full year
Orders	197.2	509.4	186.9	500.0	(10.3)	(9.4)
Net Sales	153.5	397.5	175.3	450.0	+21.8	+52.5
Ordinary Income	(0.0)	20.0	7.6	27.0	+7.6	+7.0

【Change】

(FY2015 Full year to FY2016 Full year)

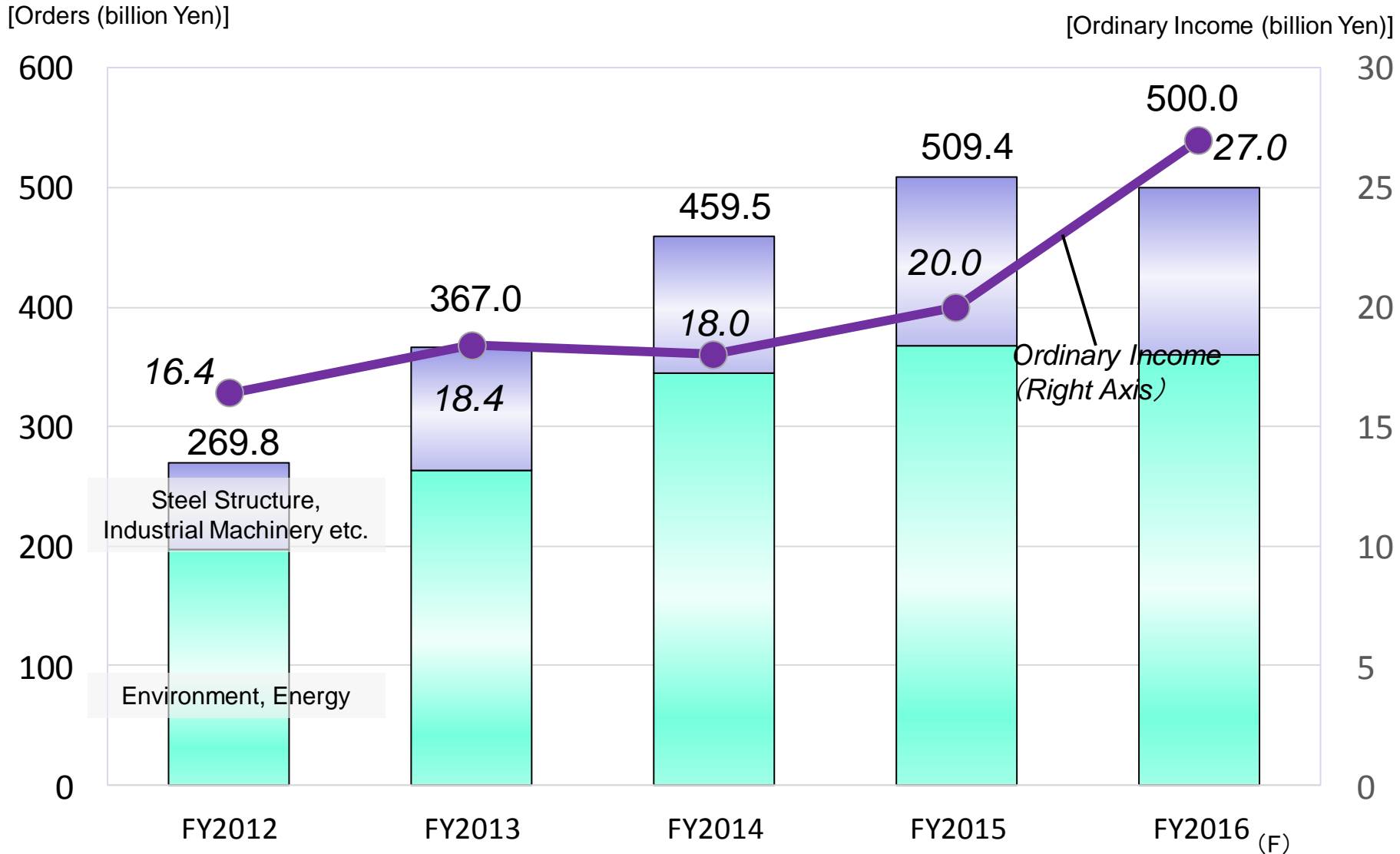
- Orders: -9.4 Almost the same as last fiscal year
- Net Sales: +52.5 Increase with increase in orders
- Ordinary Income: +7.0 Increase with increase in net sales and cost reduction

Classification of placed orders

(billion yen)

Category	FY2015 (Actual)	FY2016 (Estimate)	Change	Main Orders (FY2016 1H)
Environment, Energy	367.6	360.0	(7.6)	<ul style="list-style-type: none"> - Improvement works of waste incineration in Maebashi City, Ikeda City, Naha City and Yonago City. - Sewage digestion gas power generation equipment in Yokohama City - Biomass Power Plant - 4 Solar power stations
Steel Structure, Industrial Machinery etc.	141.8	140.0	(1.8)	<ul style="list-style-type: none"> - Construction of a steel bridge in Yokkaichi Port - Construction of a steel bridge at Fuji-Yoshida I.C. of Chuo Expressway. - Reconstructing a steel bridge at Joshin-etsu Expressway - Transport equipment for a wharf in Kushiro Port. - Install of Ballast water management system, "Ballast Ace", for 208 ships - JFE smart agriculture system for Tomato
Total	509.4	500.0	(9.4)	

Trend of Orders and Ordinary Income





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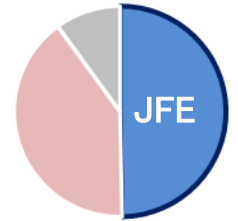
Receiving Order of the largest class for Biomass Power Plant in Japan by Cooperation Agreement with Valmet

JFE Engineering

(announced on October 7, 2016)

Taking the EPC (Engineering, Procurement and Construction) order of 75MWe biomass power plant using CFB(*) boiler. (Hachinohe City, Aomori)

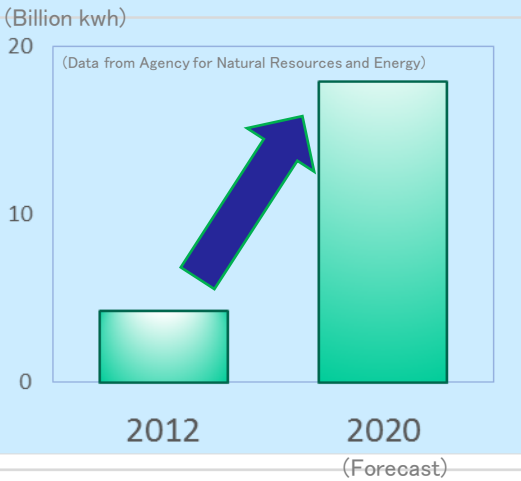
Biomass Power Plant Share (JFE Engineering research)



Based on the power capacity of CFB boilers(multi and single fuel) in launching and received as orders

- JFE Engineering has delivered 13 CFB boilers (10~50 MWe^(*)CFB: Circulating Fluidized Bed class).
- This cooperation agreement makes the lineup the world highest level thermal efficiency and wider 10~350MWe

Forecast of domestic biomass electricity supply



Expanding needs for cost reduction of power generation

High Efficiency

Scale-Up

Fuel Diversification

Key Factors of the order

By cooperation agreement with Valmet, JFE Engineering Corporation can achieve the world highest level thermal efficiency.

Valmet Corporation(Finland)

- Share of CFB boilers at EU and North America : No.2 (20%)
- The company has delivered over 250 fluidized bed boilers, including the largest biomass-fired boiler in the world with the effect of 260MWe.

To capture expanding needs for scale-up and higher efficiency for biomass power plant in Japan by cooperation agreement with Valmet



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JFE Shoji

Financial Forecasts for Fiscal Year 2016

Financial Forecasts for FY2016 of JFE Shoji



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(billion yen)

	FY2016 (Previous forecast)		FY2016 (Updated forecast)		Change	Change
	1H	Full year	1H (A)	Full year	1H	Full year
Net Sales	780.0		775.8	1,670.0	(4.2)	
Ordinary Income	7.5	20.0	7.6	20.0	+0.1	0

Financial Forecasts for FY2016 of JFE Shoji



(billion yen)

	FY2016 (A)		FY2016 (F)		Change
	1H	Full year	1H (A)	Full year	Full year
Net Sales	914.5	1,756.4	775.8	1,670.0	(86.4)
Ordinary Income	9.8	15.7	7.6	20.0	+4.3

【Ordinary Income Change: FY2015 to FY2016】

• Increase of domestic sales volume in automobile and construction sectors and increase with improvement of profitability of business overseas including Kelly Pipe, although there are negative impact of sales price decrease and influence of JPY appreciation.

Net Sales of JFE Shoji (by Segment)



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(billion yen)		FY2015 (A)		FY2016 (F)		Change	
Domestic Business		905.3		961.3		+56.0	
Overseas Business	Export	417.7	689.0	366.2	591.2	(51.5)	(97.8)
	Foreign Operation	271.3		225.0		(46.3)	
Raw Materials, Equipment etc.		162.1		117.5		(44.6)	
TOTAL		1,756.4		1,670.0		(86.4)	

Investment in P.T. Mega Pratama Ferindo in Indonesia

(announced on August 24th, 2016)

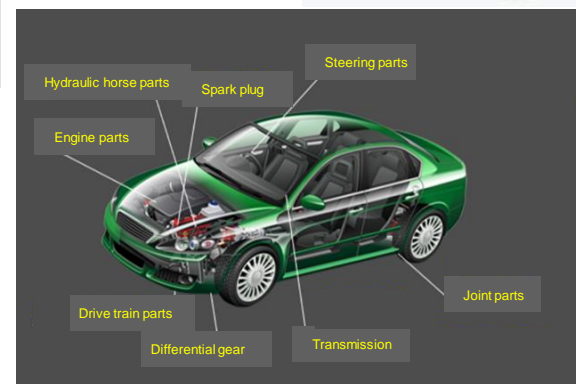
JFE Shoji has invested in P.T.Mega Pratama Ferindo (hereinafter called MPF) through acquiring shares of MPF.

The aim of the investment

- Enhancement of production capacity through introducing the latest Japanese processing facility
- Further improvement of processing technology and product quality through regular dispatch of technical advisor from JFE Shoji

Example : Use for Automotive Fastener

Bolt & Nut
for Automobiles



To capture growing steel wire demand of automotive fastener in Indonesia

Outline of MPF

- ① Company Name : PT. Mega Pratama Ferindo
- ② Location : Tangerang Indonesia
- ③ Business : Processing and Sales of Steel Wire & Bar
- ④ Production Capacity : 8,000t/Month

(Introduction of new processing facility: 1H of 2017 as scheduled)





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JFE Holdings

Financial Forecasts

for Fiscal Year 2016

Financial Forecasts for Fiscal 2016



JFE

(billion yen)

	FY2015 (A)		FY2016 (F)		Change 1H	Change Full year
	1H	Full year	1H (A)	Full year		
Net Sales	1,713.2	3,431.7	1,499.5	3,290.0	(213.7)	(141.7)
Operating Income	49.4	90.6	4.0	50.0	(45.4)	(40.6)
Non-operating Income	(1.0)	(26.3)	(14.1)	(20.0)	(13.1)	6.3
Ordinary Income (Loss)	48.3	64.2	(10.1)	30.0	(58.4)	(34.2)
Extraordinary Profit (Loss)	-	10.0	3.5	3.5	3.5	(6.5)
Income (Loss) before Income Taxes and Minority Interests	48.3	74.3	(6.5)	33.5	(54.8)	(40.8)
Tax Expense and Profit Attributable to Non-controlling Interests	(18.4)	(40.6)	(1.8)	(18.5)	16.6	22.1
Profit (Loss) Attributable to Owners of Parent	29.9	33.6	(8.4)	15.0	(38.3)	(18.6)
ROS(*)	2.8%	1.9%	(0.7%)	0.9%	(3.5%)	(1.0%)

*Return on Sales: Ordinary Income / Net Sales

Underlying Profit before One-off Effects



JFE

	FY2015	1H	2H	FY2016
	Actual	Actual	Forecast	Forecast
Net Sales	3,431.7	1,499.5	1,790.5	3,290.0
Ordinary Income	64.2	(10.1)	40.1	30.0
ROS (*)	1.9%	(0.7%)	2.2%	0.9%
One-off Effects	(78.0)	(48.0)	24.0	(24.0)
Underlying Profit before One-off Effects	140	38	16	54
ROS (*)	4.1%	2.5%	0.9%	1.6%

*Return on Sales: Ordinary Income / Net Sales

Cash Flow Estimate of FY2016

JFE

(billion yen)

Source	Usage
Net Income	Dividends etc.
15	10
	Capex, Investments
Depreciation	240
190	
Asset Sales etc.	
45	
250	250

For further strengthening the manufacturing base and investment business overseas with financial soundness, JFE will sell 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	54.6%

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

- JFE Holdings, Inc. has decided to forgo an interim dividend in response to current income and profit.
- A decision about the year-end dividend will be reached once actual performance becomes clearer.

Appendix



Main Financial Data

JFE

(Forecast)

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Ordinary Income (Bn. Yen)	218.3	502.9	400.5	69.2	165.8	52.9	52.2	173.6	231.0	64.2	30.0
ROS ※1	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	6.0%	1.9%	0.9%
ROE ※2	15.9%	17.5%	13.7%	3.3%	4.1%	(2.6%)	2.7%	6.3%	7.7%	1.8%	0.8%
ROA ※3	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.5%	1.7%	1.0%
Debt Outstanding	1,837	1,282	1,769	1,468	1,496	1,594	1,596	1,534	1,501	1,379	1,380
D/E Ratio ※4	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	59.0%	56.9%	54.6%
Net Income (yen/share)	185.8	450.6	355.6	86.4	110.7	(68.7)	71.2	177.4	241.6	58.4	26.0
Dividend (yen/share)	30	120	90	20	35	20	20	40	60	30	—
Pay-out Ratio	16.1%	26.6%	25.3%	23.1%	31.6%	—	28.1%	22.5%	24.8%	51.4%	—

※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

JFE

(000 yen/ton)

70

65

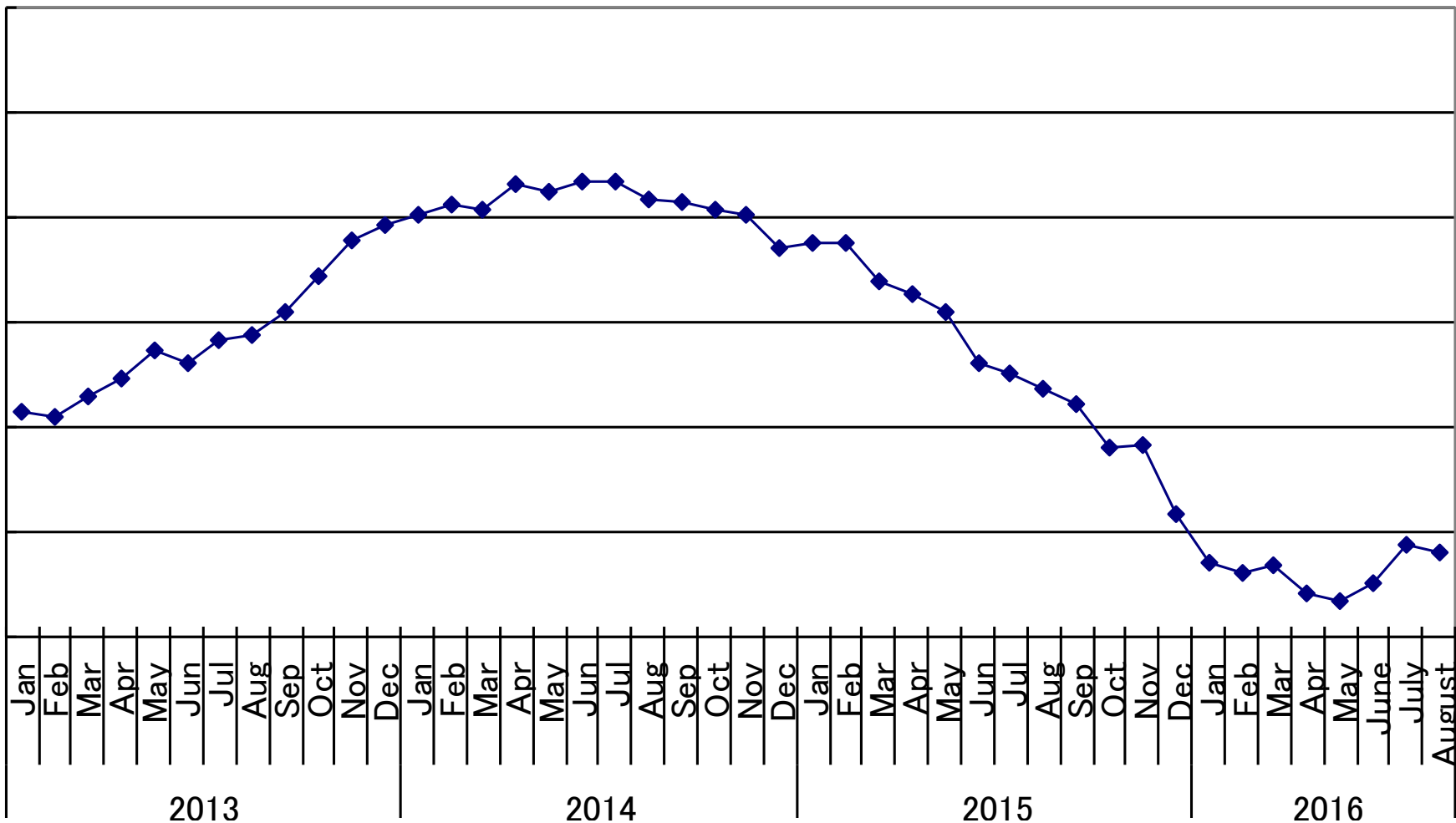
60

55

50

45

40



Data: Japanese Steel Association

Import Steel from S. Korea

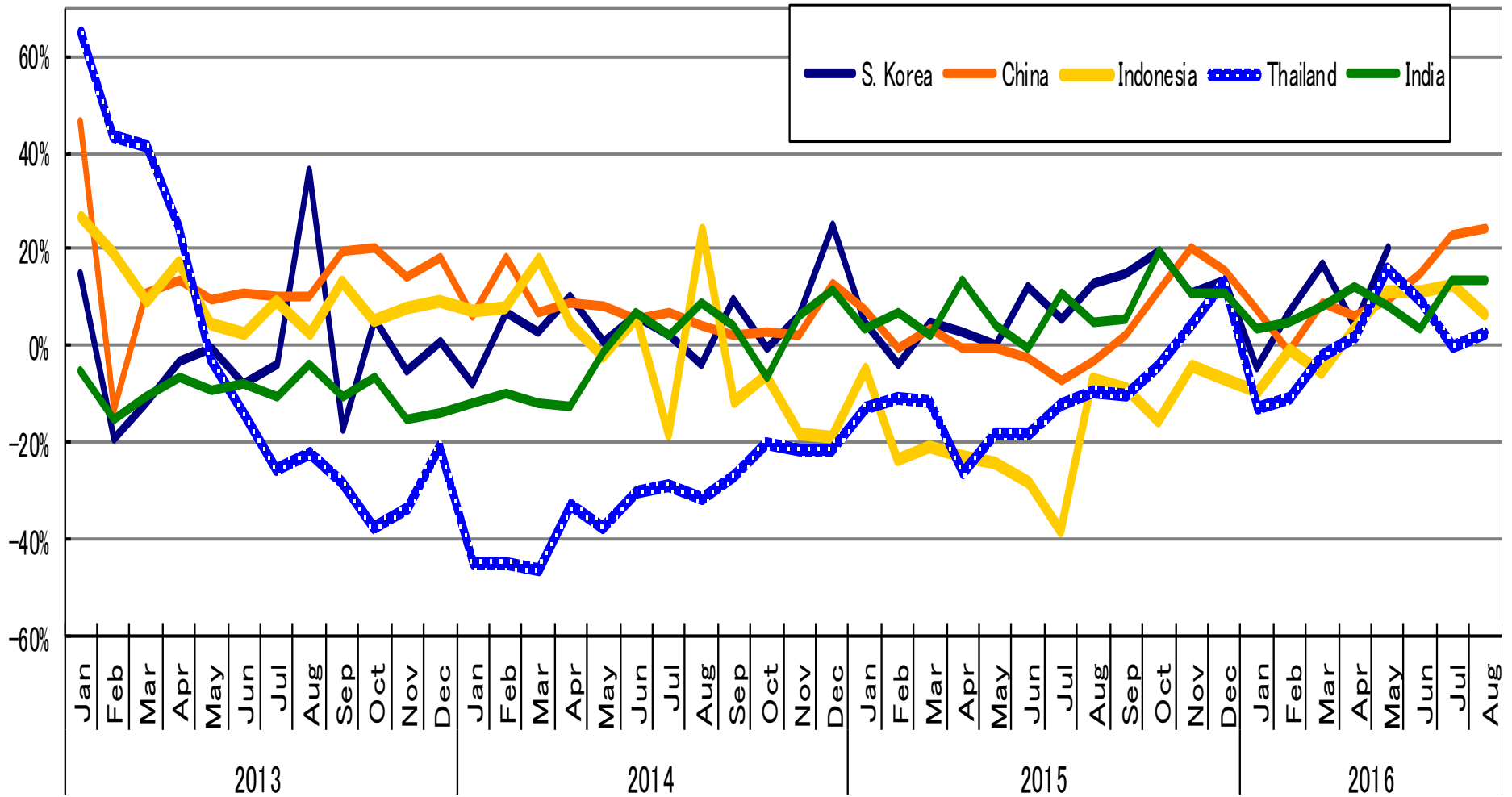


JFE

Overseas Market Environment

Auto Sales in Key Countries

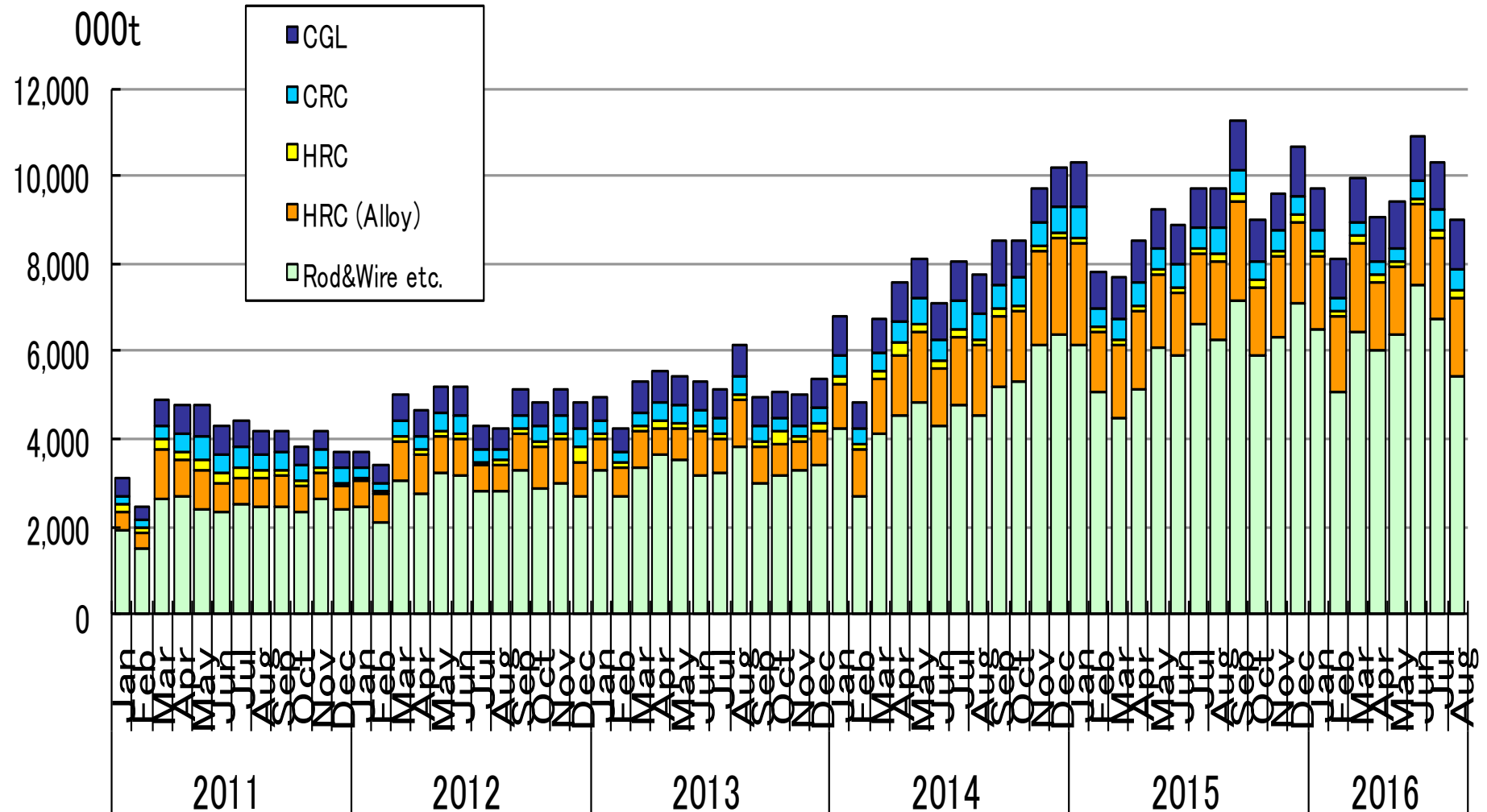
Automobile Sales in Key Countries (YoY Change)





Overseas Market Environment

Exports from China by Products

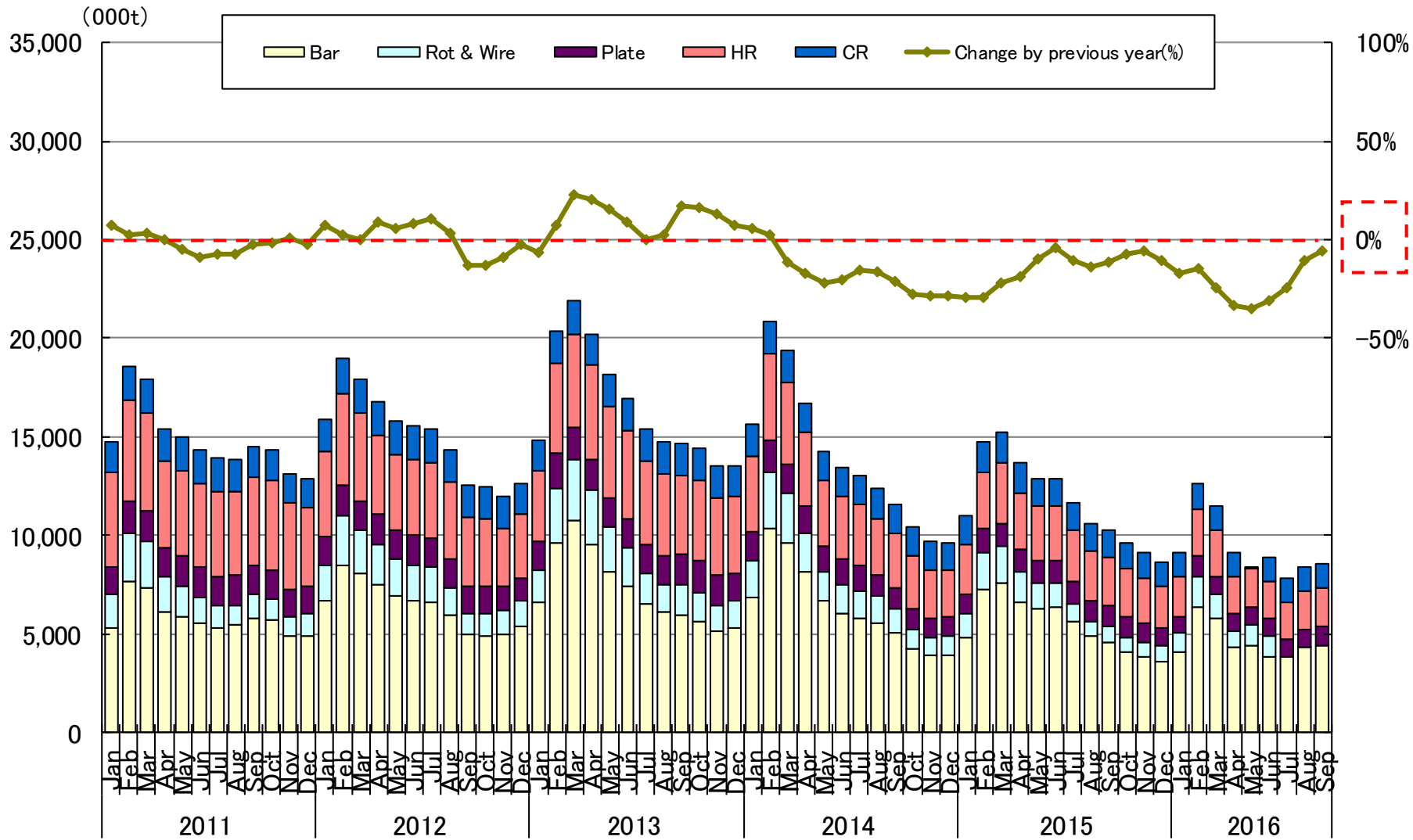




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Overseas Market Environment

Inventories in China by Products

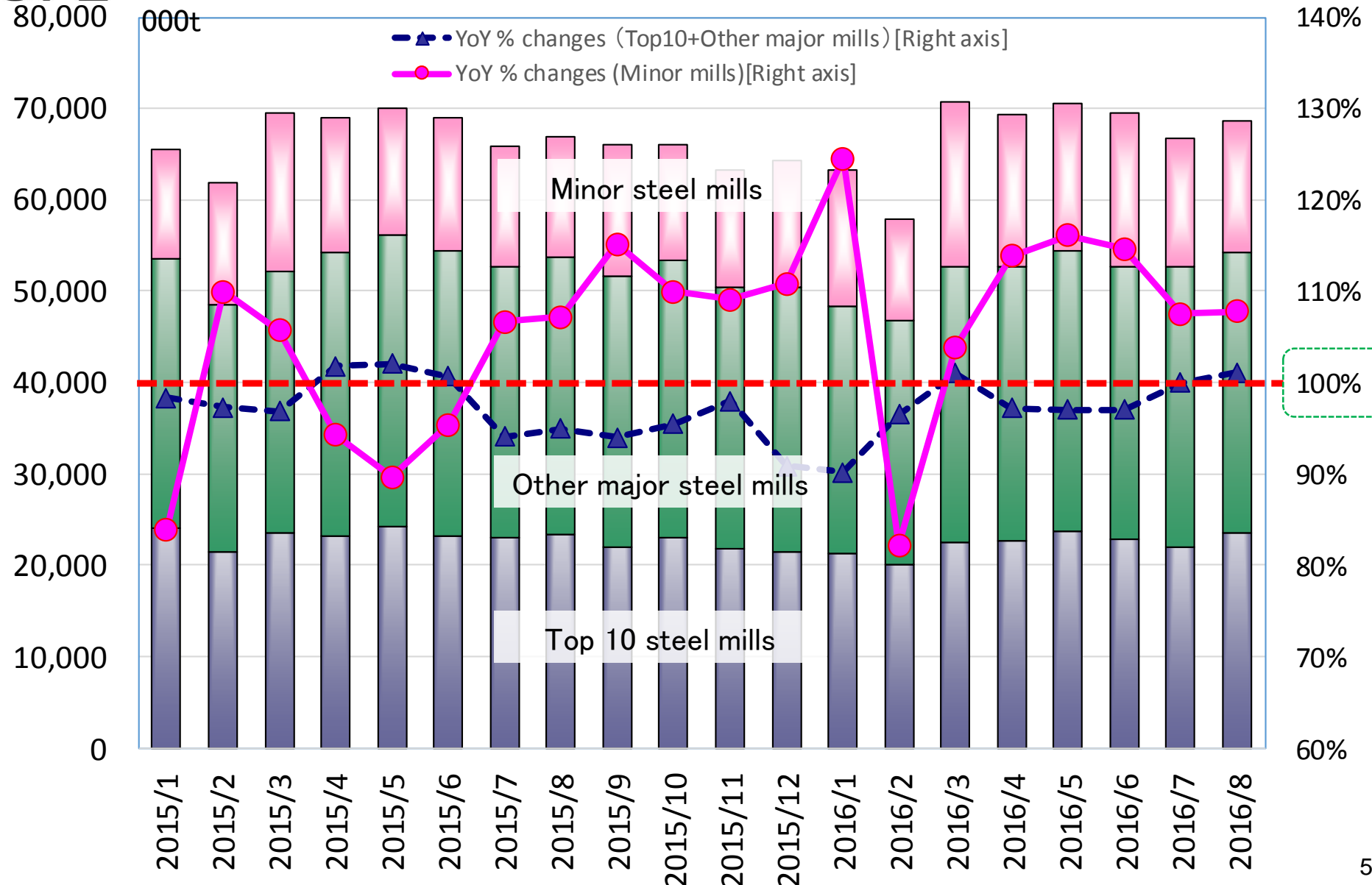




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Overseas
Market Environment

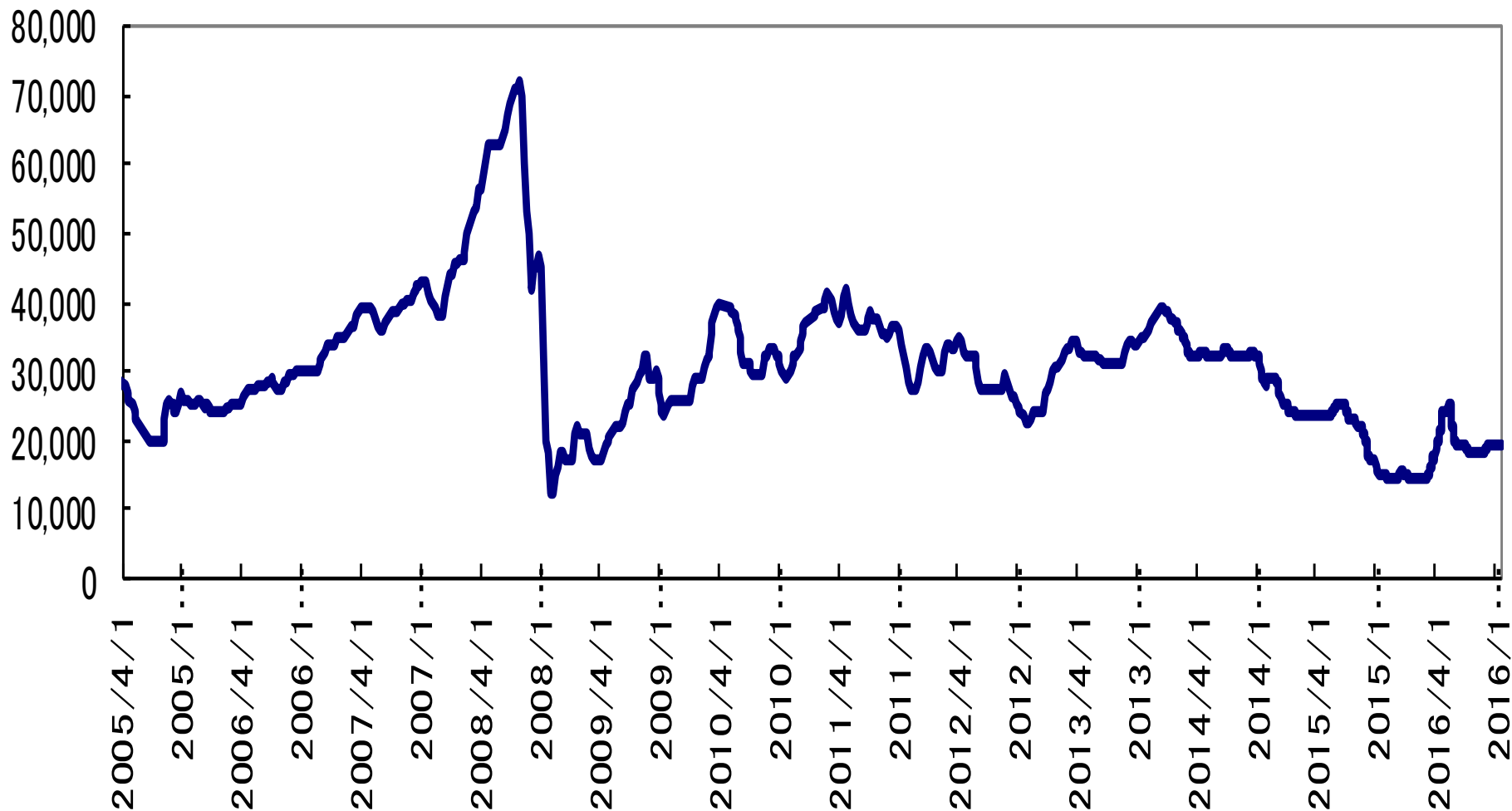
Crude Steel Production in China by Steel Mills



Raw Materials

Trend of Scrap Price

(yen/ton)



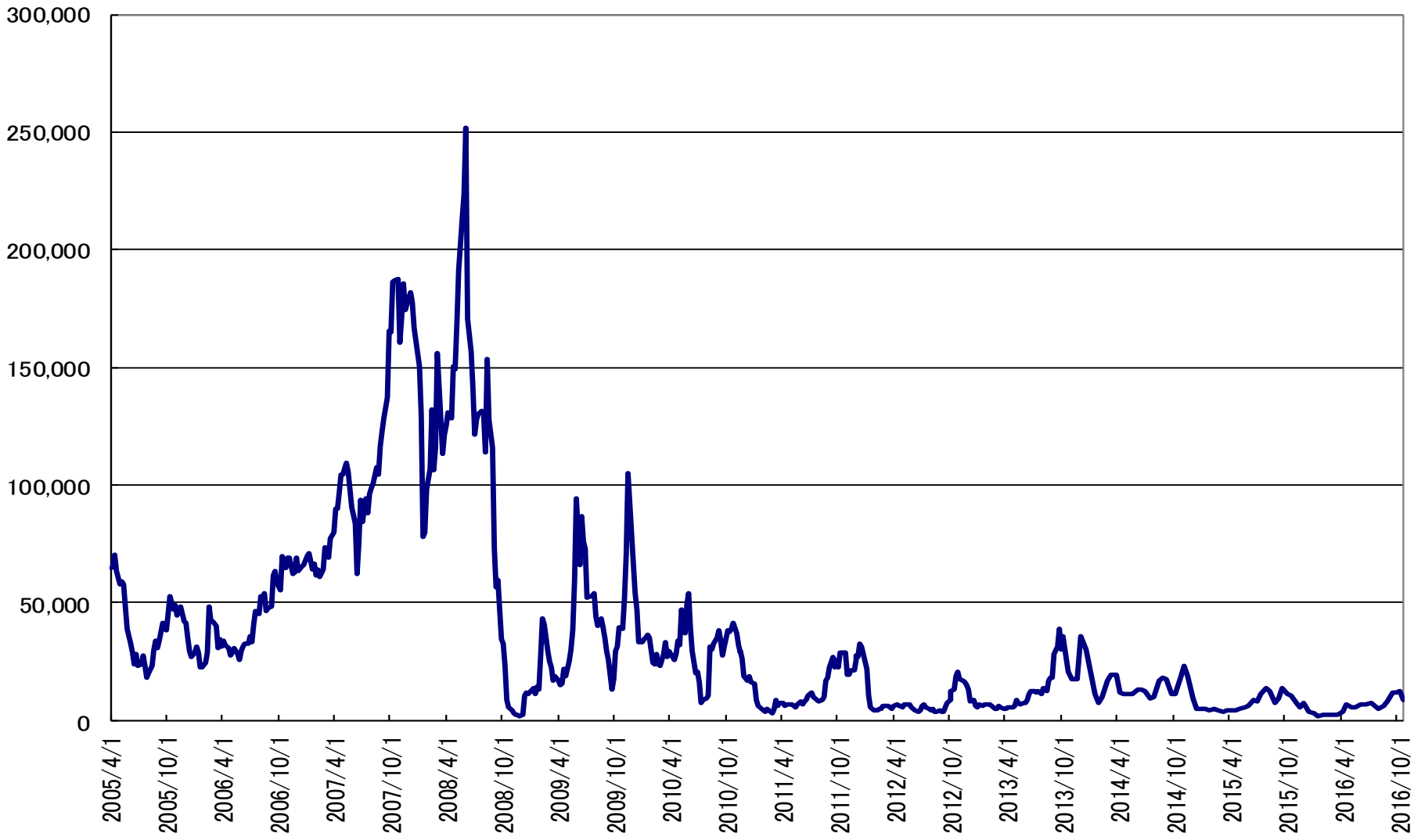


Raw Materials

Trend of Spot Bulker Price

JFE

(\$/day)





Raw Materials

Trend of LNG Price

JFE

(yen/ton)





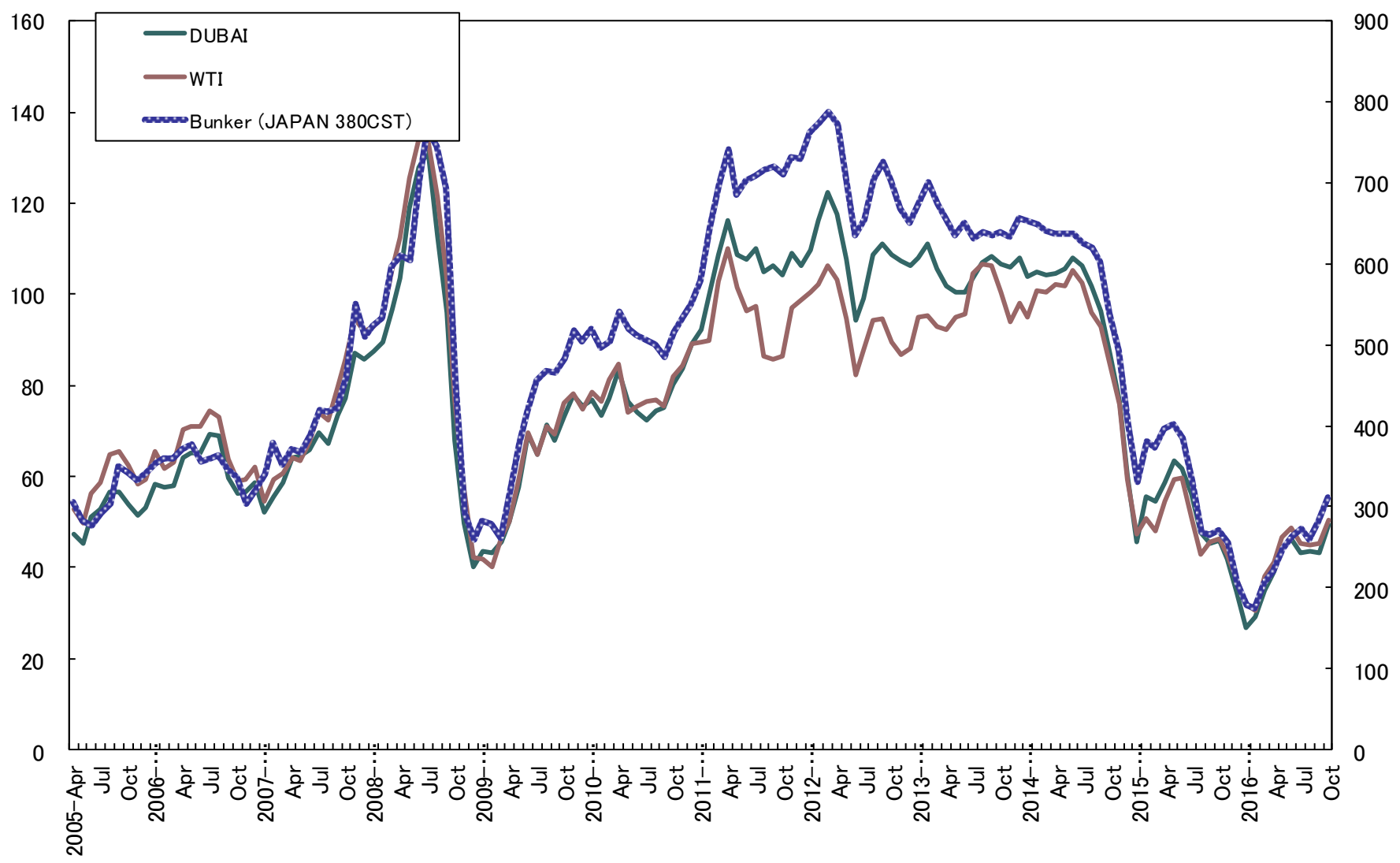
Raw Materials

Trend of Oil Price

JFE

(crude oil: \$/bbl)

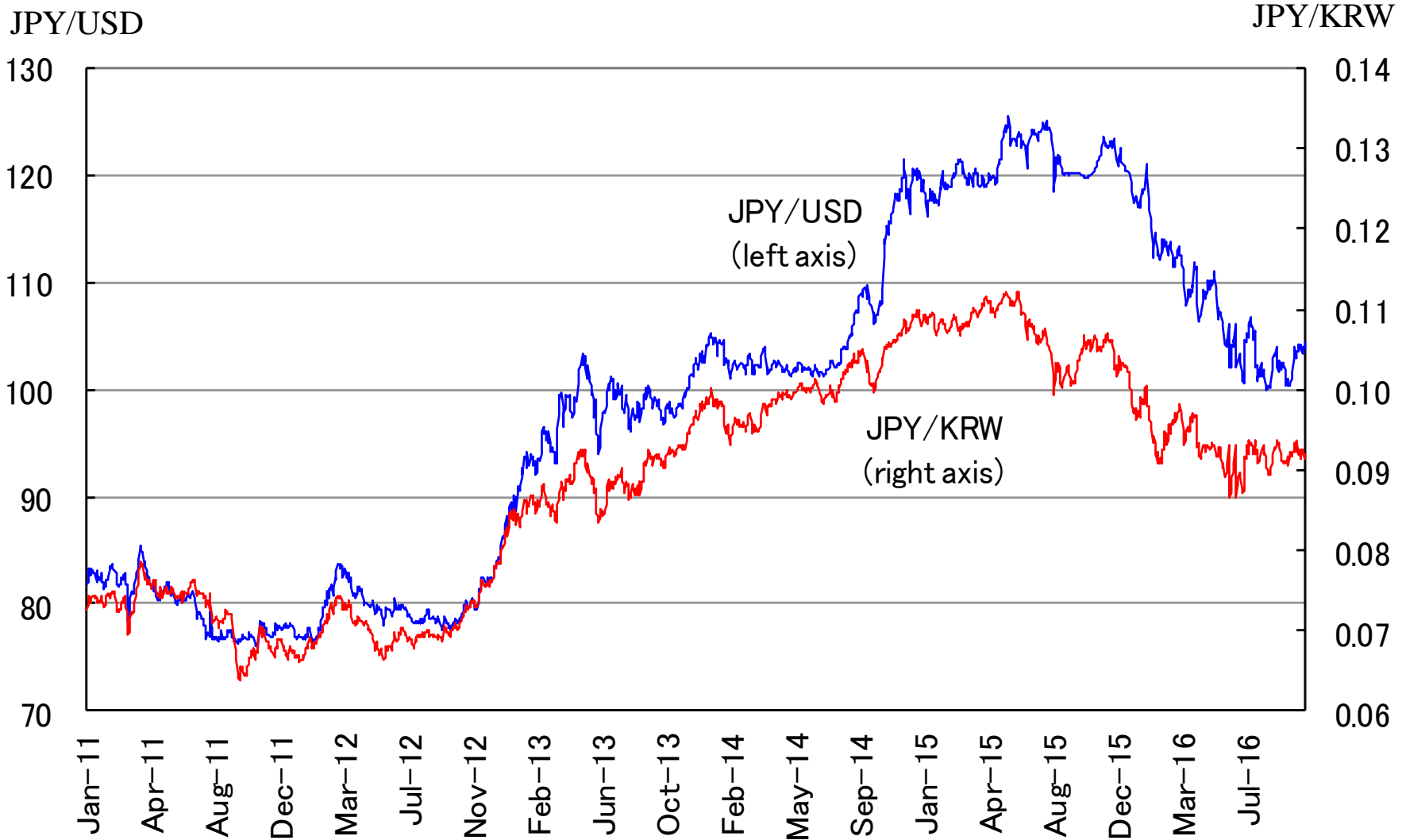
(Bunker oil: \$/t)





JFE

Trend of exchange rate (against USD,KRW)

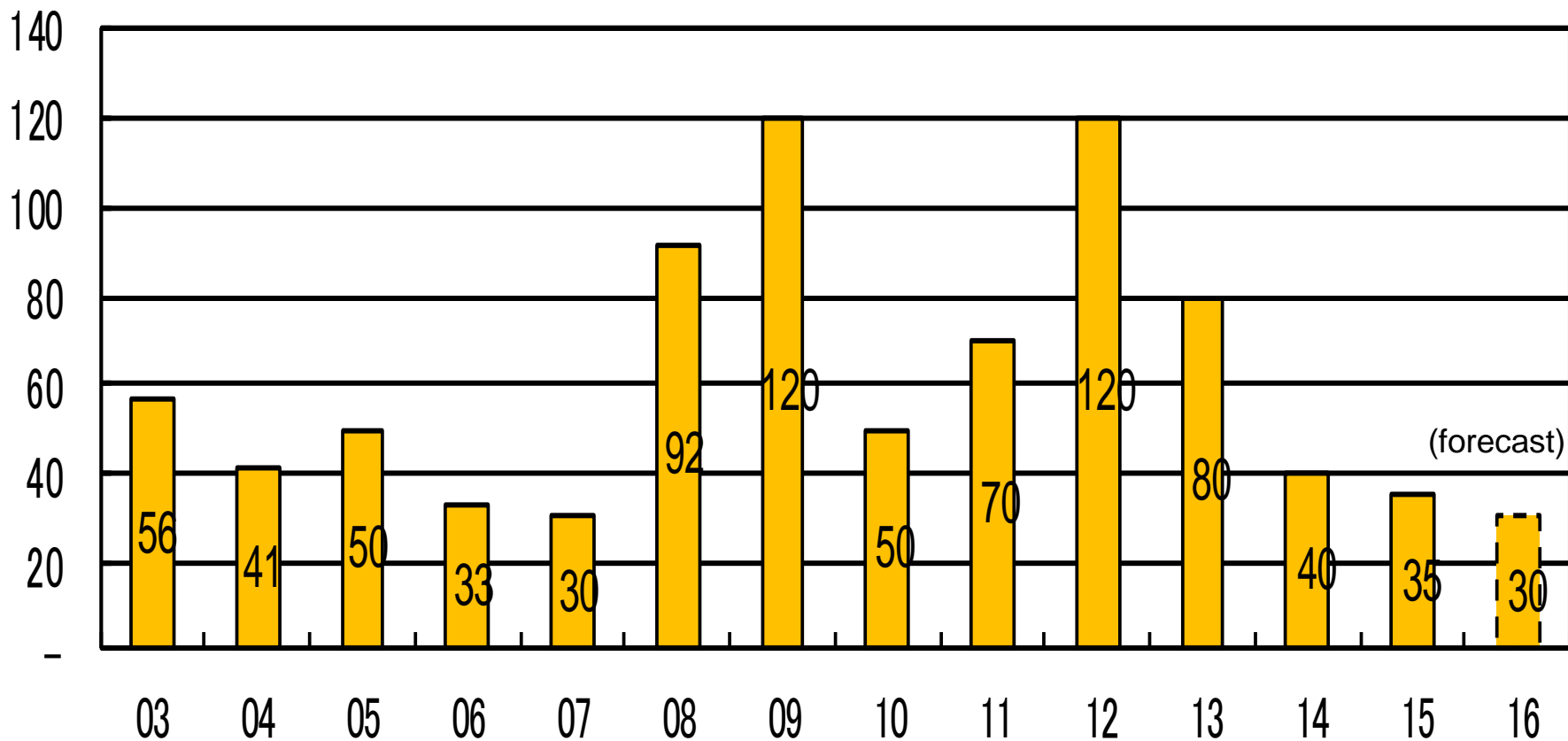




JFE

Cost Reduction (Steel Business)

(billion yen)



JFE Steel (non-consolidated basis)

16.2 Billion Yen increase in JFE Steel's Ordinary Income (FY16 1Q (Actual) vs. FY16 2Q (Actual))

(billion yen)

JFE Steel	FY2016			Change 1Q → 2Q
	1Q	2Q	1H	
Ordinary Income	(20.3)	(4.1)	(24.4)	16.2

- Cost reduction + 1.0
- Volume and Product mix 0.0
- Sales and Raw materials - 1.0
- Inventory valuation + 34.0
- Others - 17.8

TOTAL + 16.2

63.0 Billion Yen decrease in JFE Steel's Ordinary Income (FY15 1H (Actual) vs. FY16 1H (Actual))

(billion yen)

JFE Steel	FY2015		FY2016 1H	Change 1H → 1H
	1H	2H		
Ordinary Income	38.6	(10.8)	27.8	(63.0)

- Cost reduction + 13.0
- Volume and Product mix 0.0
- Sales and Raw materials - 47.0
- Inventory valuation - 12.0
- Others - 17.0

TOTAL - 63.0



JFE