



**JFE**

# **JFE Steel Corporation Overseas Business Strategy**

August 8, 2025

**JFE Holdings, Inc.**

| Security Code : 5411 |

## **1. JFE Steel's Overseas Business Strategy**

- **Profit Targets**
- **Organic Growth in India**

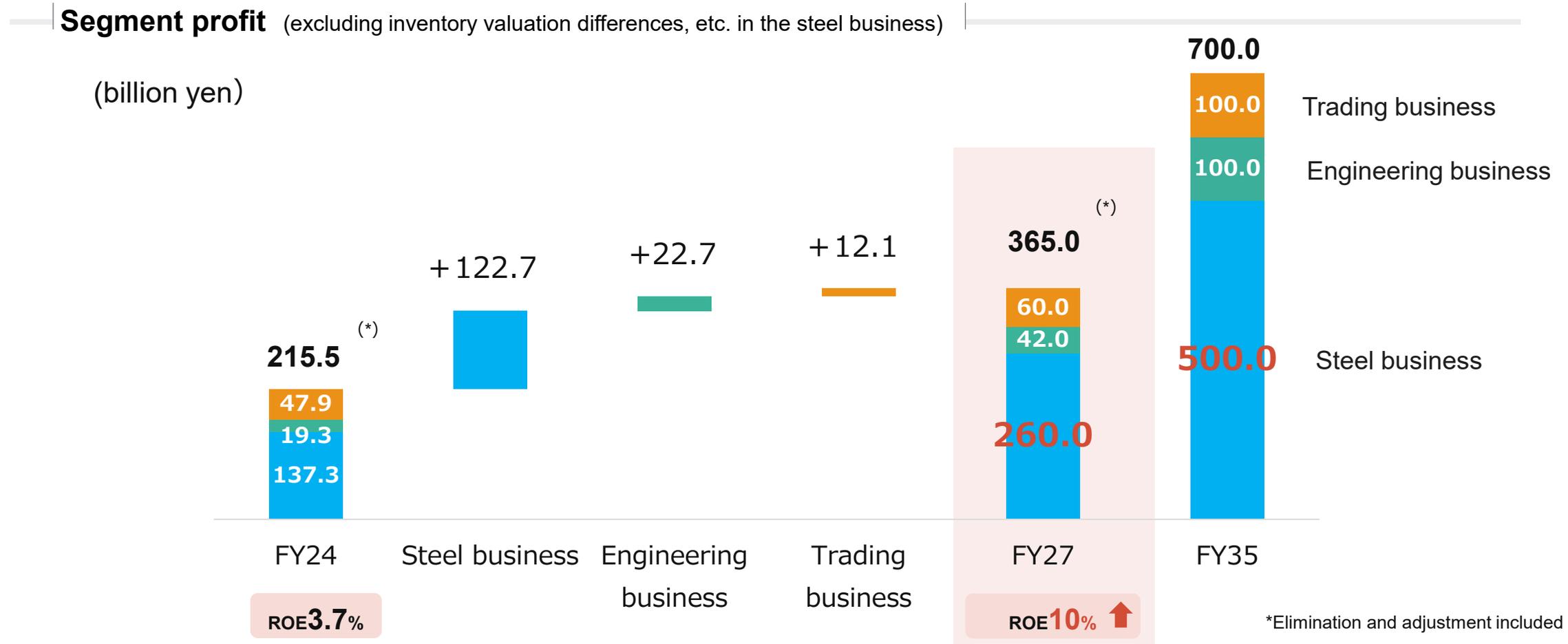
## **2. Expansion of Manufacturing Capacity for grain-oriented electrical steel sheets (GOES)**

# 1. JFE Steel's Overseas Business Strategy

# Formulation of Eighth Medium-term Business Plan

- We formulated the Eighth Medium-term Business Plan centered on business expansion, including **aggressive investment in overseas growth fields and regions as well as reconstruction of a slim, robust structure in Japan.**

## FY2027 target: Segment profit of ¥365.0 billion

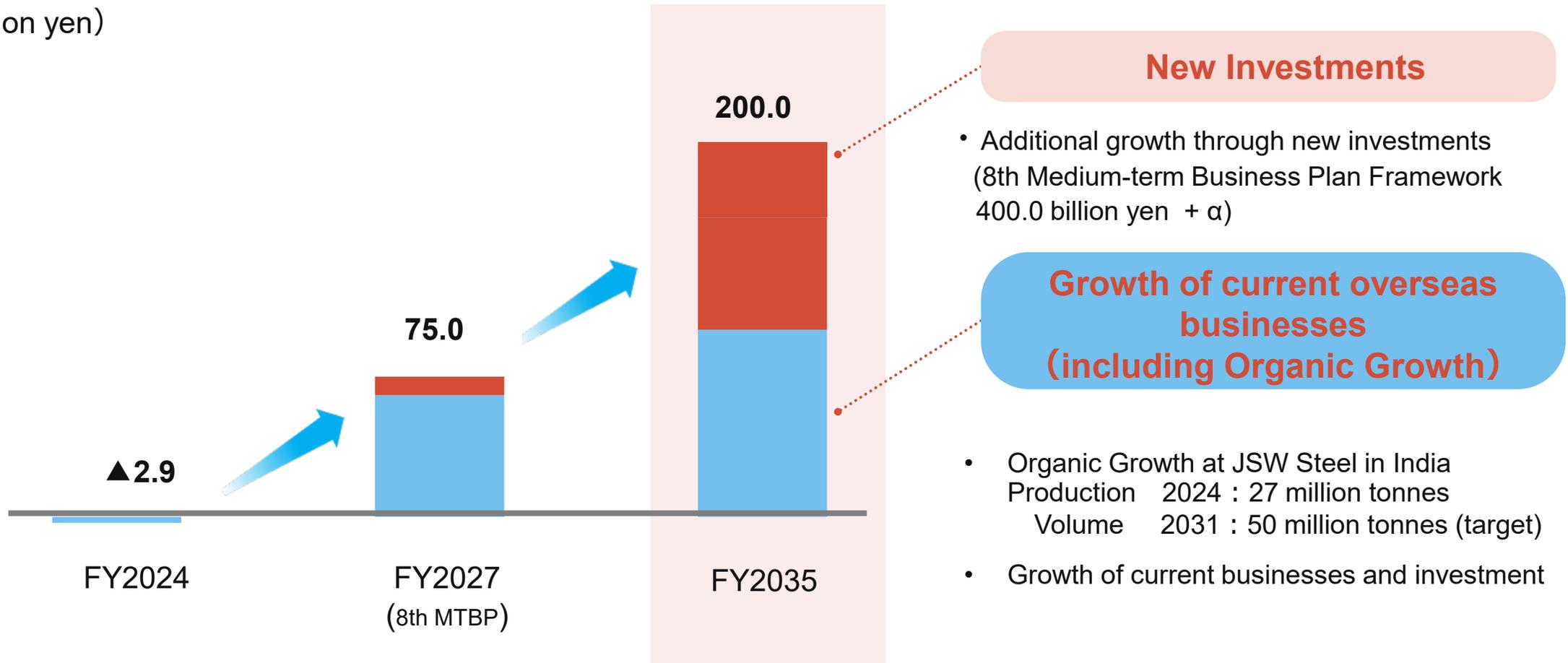


# JFE Steel's Overseas Business Strategy

- To achieve the 500.0 billion yen profit target in the steel segment, we are aiming for **200.0 billion yen in overseas earnings**. In addition to positive effects of investments already made (organic growth), we will realize additional growth through proactive investments in growing areas and regions.

## Overseas Business Revenue

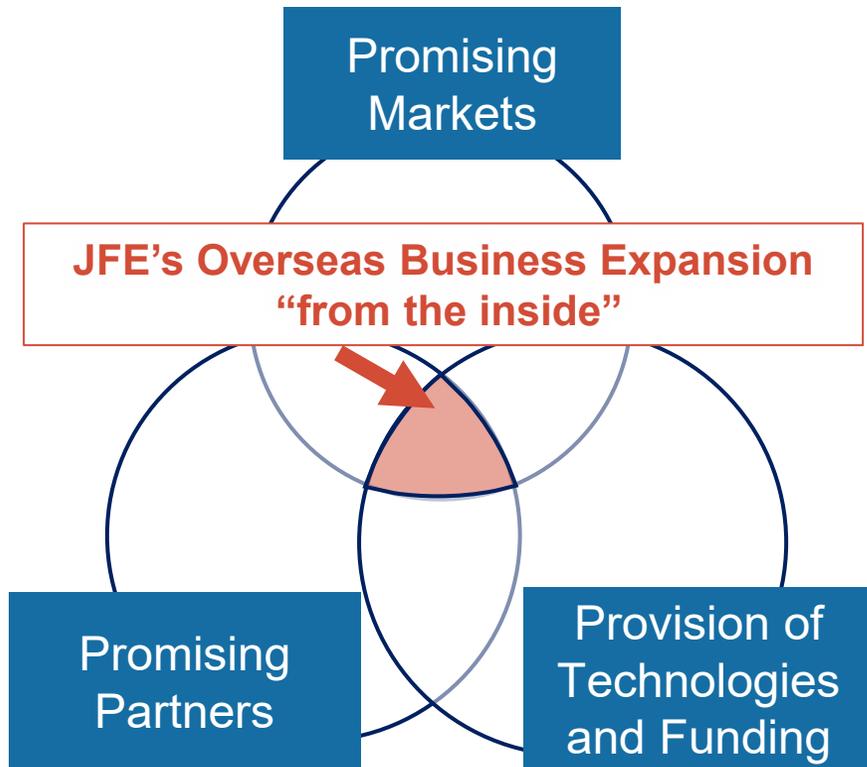
(billion yen)



# Three Pillars of Overseas Strategy

- We have been expanding overseas businesses **“from the inside”** by **providing technologies and funding** to top-tier partners who align with **the three pillars of our overseas strategy** including **JSW (India)** and **Nucor (North America)**. To expand further, we aim to capture overseas steel demand in growing markets.

## Three Pillars of JFE’s Overseas Strategy



### Promising Markets

- ① Characterized by growth (population growth, change in demand structure)
- ② With conditions where stable profits can be achieved (not a so-called “red ocean”)
- ③ Where cost advantages exist  
Raw materials • Energy – location and availability (logistics costs) • Geopolitical conditions

### Promising Partners

- ① Trustworthy partners : Solid relationships built over the long term
- ② Capable partners : Local management expertise; business infrastructure; business passion and enthusiasm; (political) influence
- ③ Partners with a shared vision : Win-Win mindset, committed to growing with a long-term perspective

### Provision of Technologies and Funding

- ① Not just providing funding but accelerating success by sharing technologies
- ② Ongoing and evolving provision of technologies, rather than a one-time transfer

# Insider Type Business Model

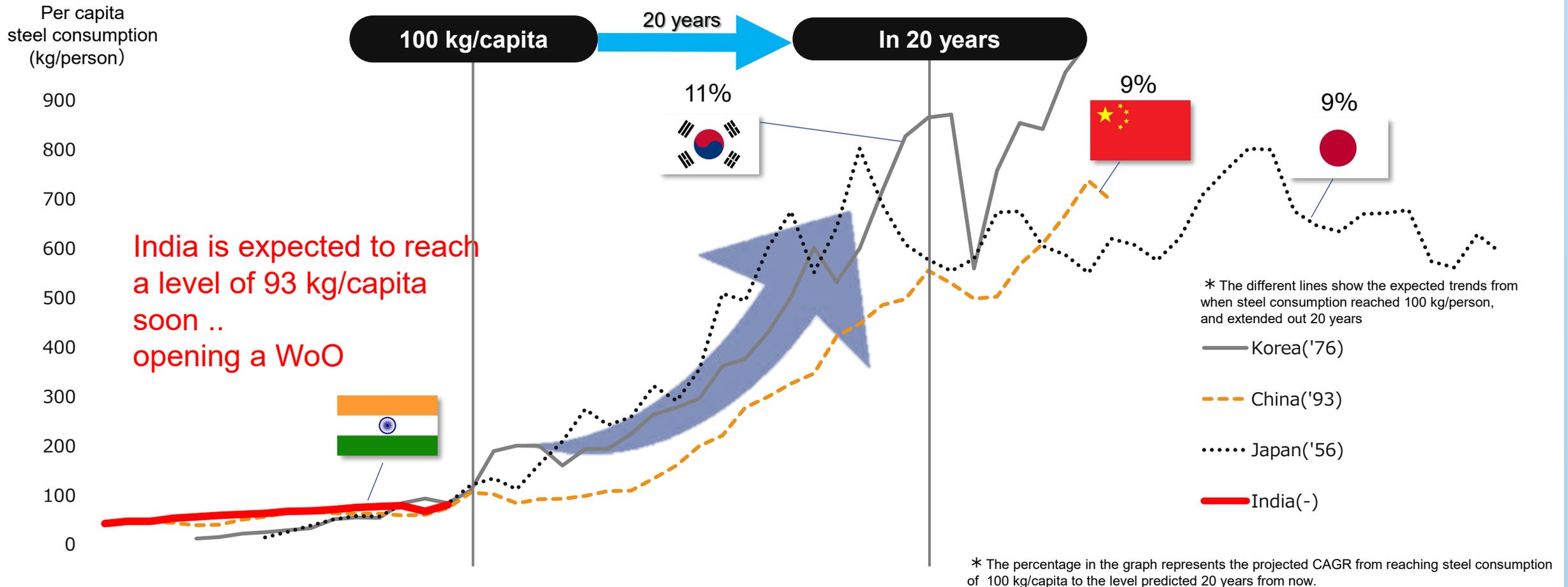


- The aim of JFE Steel’s Insider Type business model is to **operate joint ventures in equal partnerships**.
- Effective decision-making requires mutual agreement so building **a trust relationship with our local partners** is important.
- We have been able to realize insider type businesses based on the solid trust established with local partners over many years – **with JSW (since 2009) and with Nucor (since 2014)**.

Form of Investment	Merits	Demerits
Equal Partnership	<ul style="list-style-type: none"> <li>• <b>Access to local management insight, market knowledge and connections</b></li> <li>• Advantages associated with utilizing existing management structure of local partners</li> <li>• Potential to leverage the strengths of both partners to create synergy and accelerate growth</li> <li>• Ability to retain some control over technology</li> <li>• Shared investment and shared risk</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The need to gain agreement of both companies complicates decision making</b> <ul style="list-style-type: none"> <li>• a high level of trust is required</li> <li>• careful and comprehensive dialogue is necessary</li> <li>• shared values are important</li> </ul> </li> <li>• Returns are split</li> </ul>
Sole investment	<ul style="list-style-type: none"> <li>• Ability to make decisions independently</li> <li>• Complete control over technology</li> <li>• Maximum returns</li> </ul>	<ul style="list-style-type: none"> <li>• Challenging to secure local management personnel</li> <li>• Risk that remote head office decisions aren’t appropriate for local circumstances</li> <li>• Larger financial burden and greater risk</li> </ul>
Minor shareholding	<ul style="list-style-type: none"> <li>• Lighter financial burden, reduced resource contribution and lower risk</li> </ul>	<ul style="list-style-type: none"> <li>• Limited influence on decision making</li> <li>• Challenging to control (protect) technology</li> <li>• Limited return</li> </ul>

# The Appeal of the Indian Steel Market: Windows of Opportunity

- **Windows of Opportunity** created by an acceleration in steel consumption growth (a level of steel consumption exceeding 100 kg/person) is being observed in many countries.
- **India is right at the threshold of reaching and crossing this level.**

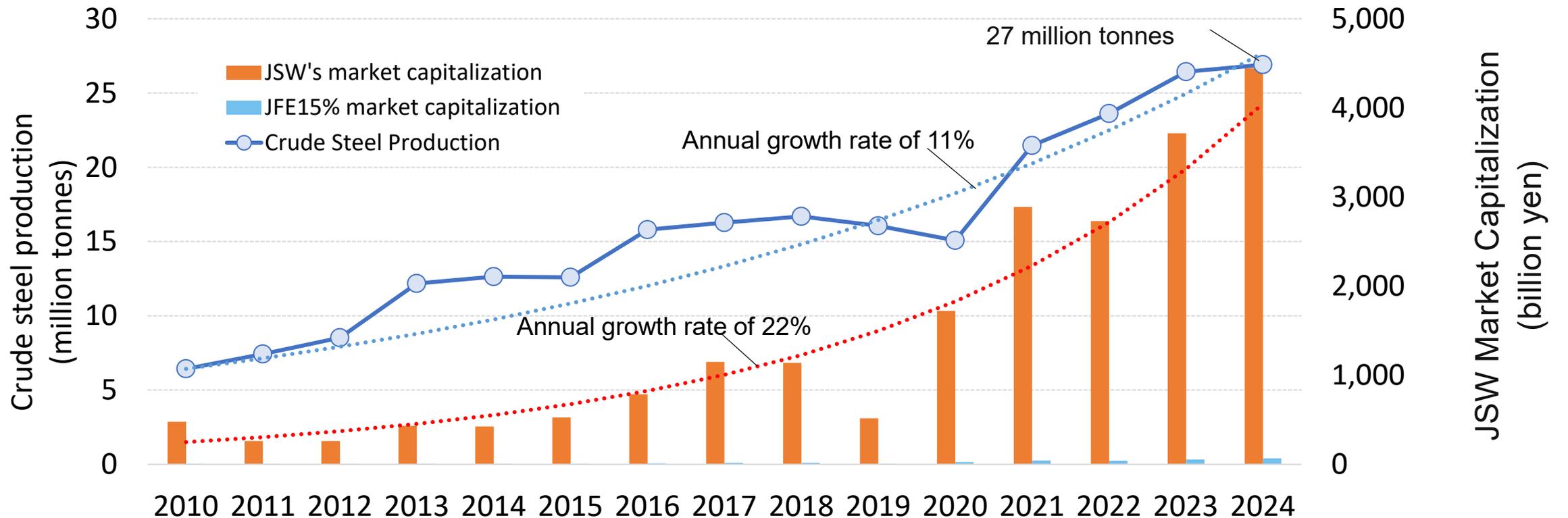


# Organic Growth at JSW Steel



- Since our initial investment in 2010 (15%), JSW's **market capitalization and steel production have increased significantly.**
- JSW Steels aims to grow **crude steel production capacity to the 50 million tpy level** by around 2030.
- **Organic growth** is only possible in markets where “**Windows of Opportunity**” (for growth) exist.

- (2009) Conclusion of comprehensive strategic partnership agreement
  - (2010) JFE investment
  - (2010) Conclusion of technical cooperation agreement (initially technology for operational improvement)
  - (2012) Provision of technologies for automotive steel sheets/non oriented electrical steel sheets
- (2024)
  - J2ES – Establishment of JV for Electrical Steel
  - Joint acquisition of the former tkES India (renamed J2ES Nashik)



- As a 1<sup>st</sup> phase of our 8th Medium-term Business Plan, which establishes three pillars for overseas expansion, including promoting and further deepening “inside” businesses with top-tier partners in overseas growth regions, **we have decided to significantly expand production capacity for GOES, grain oriented electrical steel sheets, in India.**

## JFE Steel Overseas Expansion

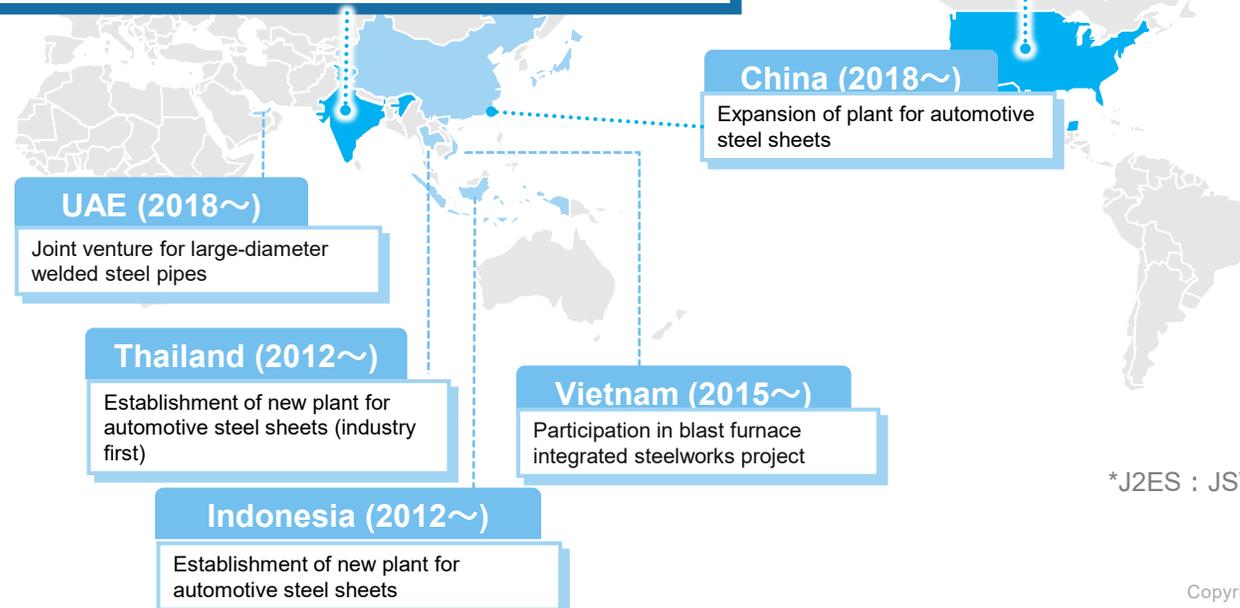
### India (2011~)

- Strategic alliance with **JSW Steel**(Global steel industry: Market cap No. 1)
- J2ES: Joint operation of India's first integrated manufacturer and seller of grain-oriented electrical steel sheets (FY2023)
  - J2ES Nashik: Joint acquisition of the formerly named tkESI (FY2024)

⇒ Significant expansion of production capacity of J2ES and J2ES Nashik (in FY2027 ~ FY2030)

### North America (2019~)

- Collaboration with **Nucor** in CSI (U.S.)  
Establishment of new plant for automotive steel sheets with **Nucor** (Mexico)  
(Global steel industry: Market cap No. 2)



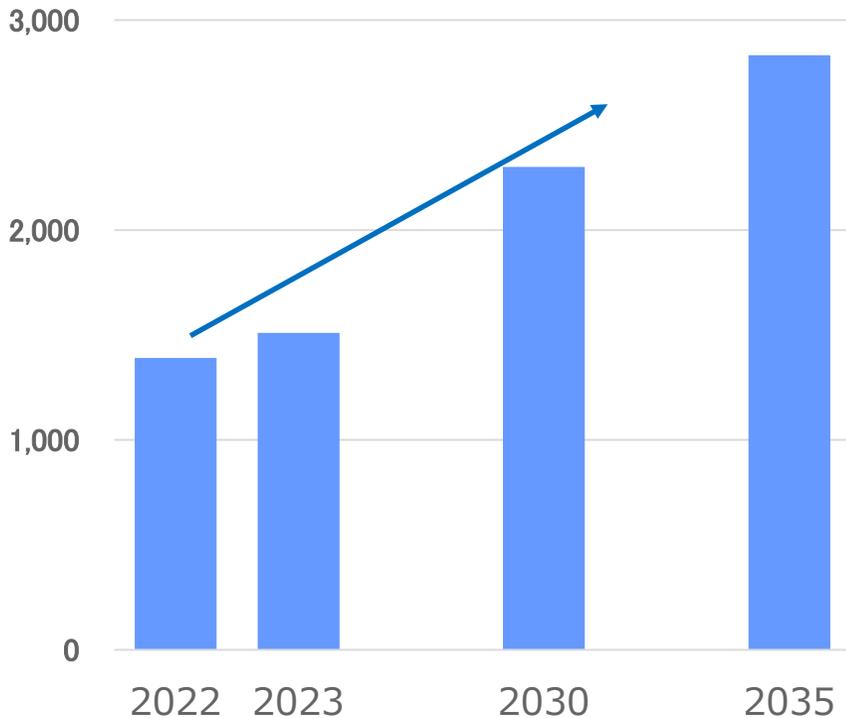
\*J2ES : JSW JFE Electrical Steel Private Limited

## **2. Expansion of Manufacturing Capacity for grain-oriented electrical steel sheet (GOES)**

- **India's power generation capacity is growing at CAGR of 7%. The demand for GOES used in transformers is also expected to grow at a similar rate.**
- Efficiency regulations imposed by the Indian government mean that **the transformers for government projects mainly use premium electrical steel sheets.**
- JFE Steel is responding to the increasingly sophisticated Indian market with our unique technology.

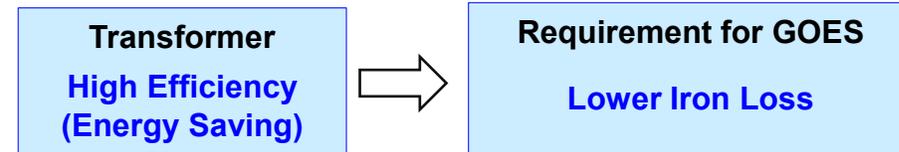
## India's Power Generation Capacity Outlook

Forecast of electricity demand in India (TWh) (\*1)

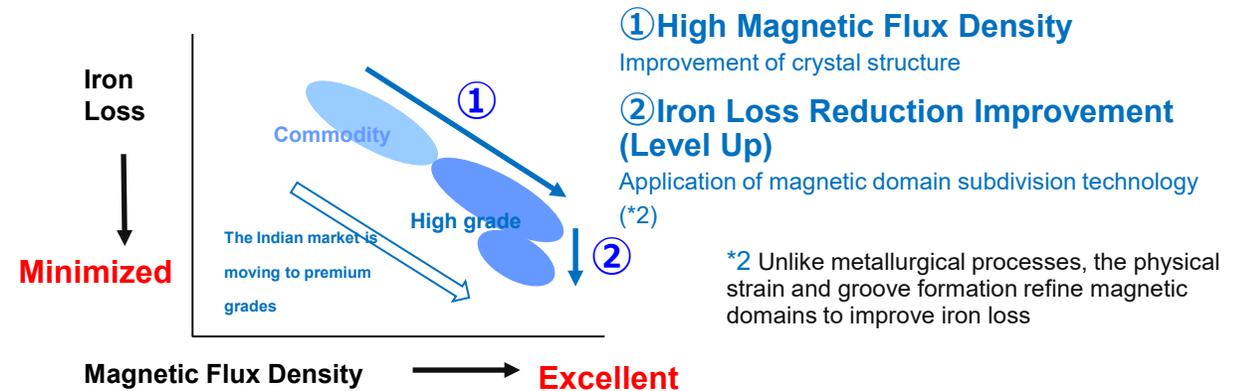


\*1 IEA Energy Outlook 2024

## Performance Requirements for GOES



## Reduction of Low Iron Loss in GOES

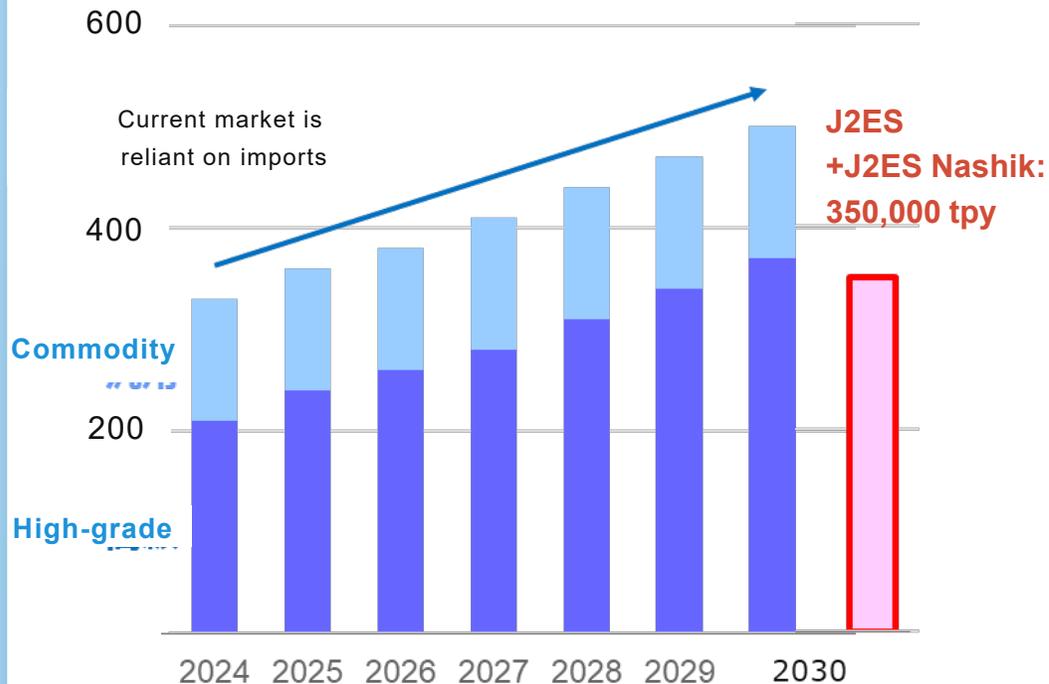


- ✓ **By applying the unique technology that we have developed in the domestic market, JFE Steel is also able to meet the demand for premium products in the Indian market.**

- As the demand for electricity increases, **the demand for GOES is expected to grow at the same rate.**
- We will gradually and significantly expand the manufacturing capacity of GOES manufacturing and sales companies (J2ES and J2ES Nashik), which are established jointly with JSW, **to 350,000 tonnes per year by 2030, thereby securing a significant position as the No. 1 GOES supplier in India.**

## Assumptions on the Size of the GOES Market in India

(Thousands tonnes) (\*)

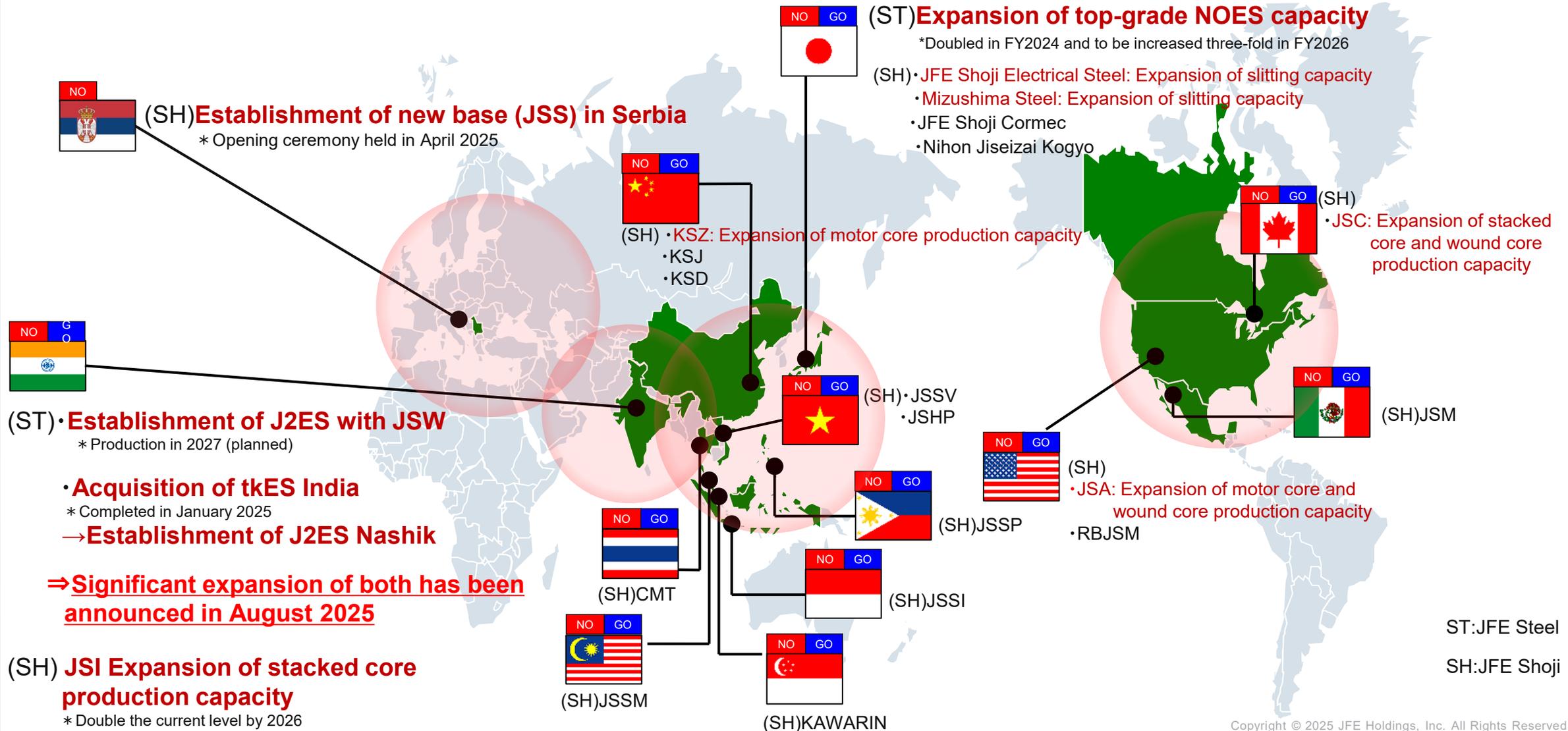


- J2ES: double capacity from the initial plan to 100,000 tpy  
J2ES Nashik: increase capacity from 50,000 to 250,000 tpy  
→ Investment amount: **120.0 billion yen**  
(JFE will contribute 60.0 billion yen)
- Along with the completed investment (100.0 billion yen for J2ES establishment and 70.0 billion yen for J2ES Nashik acquisition), the total investment will be **290.0 billion yen**
- We aim to secure **a significant position as the No. 1 supplier and the only fully integrated GOES manufacturer in India**

\* Estimates based on World Energy Outlook

# Global Supply Chain for Electrical Steel Sheets

- Building a global supply chain through synergies between JFE Steel and JFE Shoji.
- Accelerate investment in countries and regions where demand for electrical steel sheets is expected to grow.



1

## Achievement of overseas business Profit target (75.0 billion yen) for FY2027 in 8th Medium-term Business Plan

- **Organic Growth in India**
- **Materialization of the expected benefits from investments in the current overseas businesses**

2

## Establish the overseas business as one of JFE's main strategic pillars

- **Development of overseas business “from the inside”**
- **Establishment of a key revenue stream for JFE through 400.0 billion yen growth investment under the 8th Medium-term Business Plan**

3

## Toward growing regions and sectors

- **Significant expansion of GOES production capacity in India to establish a position as the No. 1 supplier**
- **Further development into high-growth regions and sectors based on the three pillars of JFE’s global strategy**



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# Expansion of Grain-oriented (GO) Electrical Steel Manufacturing Capacity in India

- In order to steadily meet the significantly growing demand for GO electrical steel sheets in India, which has the world's largest population, **J2ES and J2ES Nashik, companies jointly established with JSW**, a strategic alliance partner, have **decided to significantly expand their manufacturing capacity to 350k tons/year in FY2030**.

Company name	JSW JFE Electrical Steel Private Limited <b>(J2ES)</b>	JSW JFE Electrical Steel Nashik Private Limited <b>(J2ES Nashik)</b>
Shareholding Ratio	JFE50%, JSW50%	
Existing investment	Approx. ¥100.0bn. (‘24/2 investment)	Approx. ¥70.0bn. (‘25/1 acquisition)
	<b>Expanded investment this time(*)</b>	
Total investment(*)	<b>Approx. ¥120.0bn.</b>	
Manufacturing capacity	100k tons/year (double the current level)	250k tons/year (Five times the current level)
	<b>350k tons/year</b>	
Start operation	FY27	Existing: Operating Expanded: FY28 to FY30



(\*) Investment amounts are J2ES and J2ES Nashik combined, JFE and JSW combined