

Securities Code: 5411.T



JFE

JFE Group

***Financial Results in Fiscal Year 2018
ended March 31, 2019***

JFE Holdings, Inc.

May 14, 2019



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ended March 31, 2019
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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
Fiscal Year 2018
(April 1, 2018 to March 31, 2019)**



Financial Results in Fiscal Year 2018 (IFRS)

JFE

(billion yen)	FY2017 Full Year(A)	FY2018 Full Year(B)	Change (B-A)	FY2018 Forecast(C)	Change (B-C)
Revenue	3,627.2	3,873.6	246.4	3,800.0	73.6
Business Profit	218.3	232.0	13.7	233.0	(1.0)
Financial income/costs	(14.4)	(12.5)	1.9	(13.0)	0.5
Segment Profit					
Steel Business	187.2	161.3	(25.9)	160.0	1.3
Engineering Business	18.7	20.1	1.4	22.0	(1.9)
Trading Business	35.1	35.7	0.6	35.0	0.7
Adjustments	(37.2)	2.3	39.5	3.0	(0.7)
Total	203.8	219.5	15.7	220.0	(0.5)
Exceptional Items	(51.0)	(10.2)	40.8	(10.0)	(0.2)
Profit before Tax	152.8	209.3	56.5	210.0	(0.7)
Tax expense and Profit(loss) attributable to non-controlling interests	(55.2)	(45.8)	9.4	(50.0)	4.2
Profit Attributable to Owners of Parent	97.6	163.5	65.9	160.0	3.5



Financial Results in Fiscal Year 2018 (J-GAAP)

JFE

(billion yen)	FY2017 Full Year(A)	FY2018 Full Year(B)	Change (B-A)	FY2018 Forecast(C)	Change (B-C)
Net Sales	3,678.6	3,961.7	283.1	3,900.0	61.7
Operating Income	246.6	191.2	(55.4)	190.0	1.2
Non-operating Income (Expenses)	(30.3)	29.9	60.2	30.0	(0.1)
Steel Business	198.8	164.6	(34.2)	160.0	4.6
Engineering Business	19.3	20.2	0.9	22.0	(1.8)
Trading Business	33.0	35.7	2.7	35.0	0.7
Adjustments	(34.9)	0.6	35.5	3.0	(2.4)
Ordinary Income (Loss)	216.3	221.1	4.8	220.0	1.1
Extraordinary Profit (Loss)	(2.9)	(11.2)	(8.3)	(10.0)	(1.2)
Profit (Loss) before Income Taxes	213.3	209.9	(3.4)	210.0	(0.1)
Tax Expense and Profit(loss) Attributable to Non- controlling Interests	(68.7)	(45.7)	23.0	(50.0)	4.3
Profit Attributable to Owners of Parent	144.6	164.2	19.6	160.0	4.2



Transition from J-GAAP to IFRS

(billion yen)

		Net sales/ Revenue	Ordinary income/ Business profit
Japanese GAAP		3,961.7	221.1
Reclassifications	Financial income	—	12.5
Recognition and measurement differences	Transaction as agent etc.	(88.1)	—
	Retirement benefit liability etc.	—	(1.6)
IFRS		3,873.6	232.0



JFE Steel

Financial Results in Fiscal Year 2018



JFE

Production and Shipment

JFE Steel

	Unit	FY2017	FY2018				Change (B-A)	FY2018 Forecast (C)
		Full year (A)	1H	2H		Full year (B)		
				3Q	4Q			
Crude Steel (Standalone)	Mt	28.46	14.04	6.39	5.88	26.31	(2.15)	Approx. 27.00
Crude Steel (Consolidated)	Mt	30.06	14.84	6.79	6.25	27.88	(2.18)	Approx. 28.50
Shipment (Standalone)	Mt	25.30	12.06	6.24	5.48	23.78	(1.52)	Approx. 24.30
Export Ratio on Value Basis (Standalone)	%	44.4	43.3	43.5	36.0	41.7	(2.7)	42
Average Sales Price (Standalone)	000 yen/ t	75.3	80.6	82.9	82.0	81.5	6.2	81
Exchange Rate	¥/\$	111.2	109.5	113.4	110.3	110.7	(0.5)	111
Exchange Rate (End of Term)	¥/\$	106.2	113.6	111.0	111.0	111.0	4.8	



1.3 Billion Yen Increase in JFE Steel's Segment Profit (FY18 (Forecast) vs. FY18 (Actual))

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【IFRS】			(billion yen)		
JFE Steel	FY2017 Actual (A)	FY2018 Forecast (B)	FY2018 Actual (C)	Change FY2017 →FY2018 (C-A)	Change Forecast →Actual (C-B)
Segment Profit	187.2	160.0	161.3	(25.9)	+ 1.3

■ **Cost** ± **0.0**

■ **Volume and Mix** - **10.0** ⇒

■ **Sales and Raw materials** ± **0.0**

■ **Inventory valuation** + **4.0** ⇒

■ **Others** + **7.3** ⇒

TOTAL + **1.3**

Annual total one-off effect on segment profit due to natural disasters and operational troubles

- Decrease in crude steel production -2.7Mt
(29.00 → 26.31Mt)
- Decrease in segment profit -72.0 billion yen
(Cost -22.0, Volume -50.0)

- Decrease in crude steel production -0.69Mt
(27.00 → 26.31Mt)
(Including delay of restoration of No.4 blast furnace in Fukuyama 0.40Mt)

- Inventory valuation +2.0 (+33.0 → +35.0)
- Carry over of raw materials +2.0 (-3.0 → -1.0)
- Foreign exchange valuation ± 0.0 (+3.0 → +3.0)

- Increase in profit of subsidiary companies etc.



25.9 Billion Yen Decrease in JFE Steel's Segment Profit (FY17 (Actual) vs. FY18 (Actual))

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【IFRS】 (billion yen)

JFE Steel	FY2017 Actual (A)	FY2018 Forecast (B)	FY2018 Actual (C)	Change FY2017 →FY2018 (C-A)	Change Forecast →Actual (C-B)
Segment Profit	187.2	160.0	161.3	(25.9)	+ 1.3

■ Cost	± 0.0	⇒	<ul style="list-style-type: none"> •Cost reduction +22.0 •One-off effect due o operational troubles -22.0
■ Volume and Mix	- 40.0	⇒	<ul style="list-style-type: none"> •Decrease in crude steel production -2.15Mt (28.46Mt → 26.31Mt)
■ Sales and Raw materials	+ 72.0		
■ Metals, materials and others	- 55.0		
■ The cost of strengthening manufacturing capabilities	- 30.0		
■ Inventory valuation	+ 10.0	⇒	<ul style="list-style-type: none"> •Inventory valuation +8.0 (+27.0 → +35.0) •Carry over of raw materials -5.0 (+4.0 → -1.0) •Foreign exchange valuation +7.0 (-4.0 → +3.0)
■ Others	+ 17.1	⇒	<ul style="list-style-type: none"> •Increase in profit of overseas subsidiary companies etc.
TOTAL	- 25.9		

JFE Engineering

Financial Results

in Fiscal Year 2018



Financial Results in FY2018 of JFE Engineering

JFE
【IFRS】

(billion yen)

	FY2017 (Actual) A	FY2018 (Forecast) B	FY2018 (Actual) C	Change (C-A)	Change (C-B)
Orders	488.7	500.0	482.8	(5.9)	(17.2)
Revenue	401.5	480.0	485.8	84.3	5.8
Segment Profit	18.7	22.0	20.1	1.4	(1.9)

【Change: FY2018 Forecast to FY2018 Actual】

- Orders : Decrease with delay of contracts
- Segment Profit : Decrease with increase in materials cost and construction cost and change of project mix

【Change: FY2017 Actual to FY2018 Actual】

- Revenue : Increase with increase in orders in the previous year
- Segment Profit: Increase with increase in revenue etc.

JFE Shoji Trade

Financial Results

in Fiscal Year 2018



JFE

Financial Result in FY2018 of JFE Shoji Trade

【IFRS】

(billion yen)

	FY2017 (Actual) A	FY2018 (Forecast) B	FY2018 (Actual) C	Change (C-A)	Change (C-B)
Revenue	999.3	1,090.0	1,125.8	+ 126.5	+ 35.8
Segment Profit	35.1	35.0	35.7	+0.6	+0.7

【Change: FY2017 to FY2018】

(Full year)

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

Dividends

Dividends

- JFE Holdings has decided to propose at its general meeting of shareholders a year-end dividend of 50 yen per share, which would bring the annual dividend of 95 yen per share.

JFE Holdings

Financial Forecasts

for Fiscal Year 2019



Current Business Environment

□ Steel Demand

Both domestic and overseas steel demands are forecast to remain robust overall though a risk of trade friction still needs to be watched carefully.

- Domestic construction: demand remains solid mainly with capital expenditures in public sector and urban redevelopment.
- Domestic manufacturing: demand remains solid mainly in automobile and construction machinery sectors.
- Overseas : demand in each region, mainly in Southeast Asia, remains almost solid.

□ Sales Prices and Metal Spread in China

Steel prices and metal spread in China keeps upward after bottoming out.

□ Raw Material Prices

Spot price of iron ore remains high after increasing with concern about tight supply due to a mining dam breach in Brazil and cyclone in Australia.

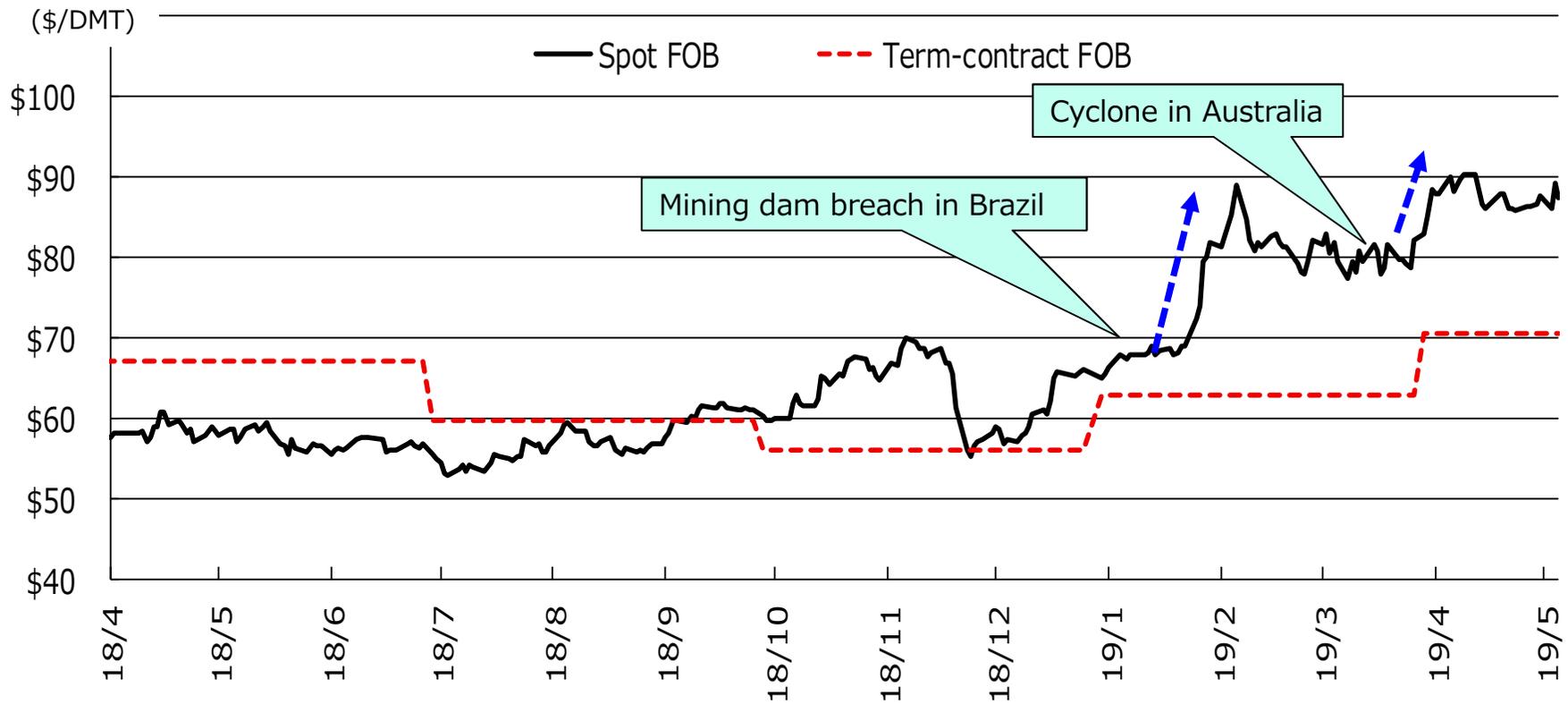


(Appendix) Trend of Iron Ore Price

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Spot price of iron ore has increased with concern about tight supply due to a mining dam breach in Brazil in late January, and cyclone in Australia in the end of March.

Iron ore fines from Australia





Consolidated Financial Forecast for Fiscal Year 2019 ①

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Business profit of 180.0 billion yen is forecast in fiscal year 2019.

(billion yen)

	FY2018 Actual	FY2019 Forecast	Change
Business profit	232.0	180.0	(52.0)

Segment profit

Steel Business	161.3	105.0	(56.3)
Engineering Business	20.1	23.0	2.9
Trading Business	35.7	36.0	0.3

Business profit is profit before tax excluding financial income and one-time items of a materially significant value.
Segment profit is profit including financial income in business profit.



Consolidated Financial Forecast for Fiscal Year 2019 ②

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<Breakdown of changes in segment profit in Steel Business from FY2018(Actual) to FY2019(Forecast)>

	(billion yen)	
■ Cost	+ 60.0	⇒ •Cost reduction +38.0 •One-off effect in FY2018+22.0
■ Volume and Mix	+ 50.0	
■ Sales and Raw materials	- 75.0	
■ Inventory valuation	- 40.0	
■ Sub materials cost etc.	- 15.0	⇒ •Increase in sub materials, logistics, and outsourcing costs etc.
■ Others	- 36.3	⇒ •Increase in depreciation with strengthening manufacturing capabilities •Decrease in profit of subsidiary companies etc.
Total		- 56.3

【Assumptions】

Crude steel production (standalone)	Approx. 29.0Mt/year
Exchange rate	108yen/\$

Progress of Sixth Medium-Term Business Plan



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1. Entire Group

Released on 26th April 2018

IFRS	
Business profit	290.0 billion yen/year
Profit attributable to owners of parent	200.0 billion yen/year
Debt/EBITDA multiple	Approximately 3 times

Japanese GAAP	
Consolidated ordinary income	280.0 billion yen/year
Profit attributable to owners of parent	200.0 billion yen/year
Debt/EBITDA multiple	Approximately 3 times

2. Business Segements

Released on 26th April 2018

IFRS	
Segment profit	
Steel Business	220.0 billion yen/year
Engineering Business	30.0 billion yen/year
Trading Business	35.0 billion yen/year

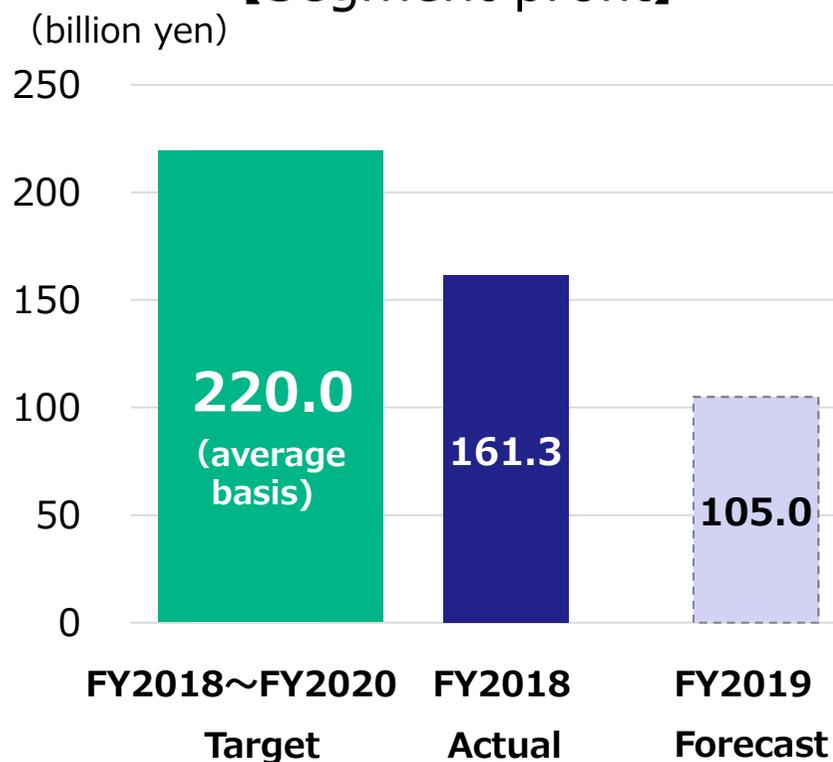
Japanese GAAP	
Consolidated ordinary income	
Steel Business	220.0 billion yen/year
Engineering Business	30.0 billion yen/year
Trading Business	35.0 billion yen/year



Progress of Sixth Medium-Term Business Plan [Steel Business]

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【Segment profit】



Summary of FY2018 Actual

Target (ave.basis) vs FY2018 Actual

- **Decrease in volume and increase in cost due to natural disasters and operational troubles**

(Action-based cost reduction is on schedule)

- **Increase in metals and sub materials cost**

- **Solid conditions in overseas market (improvement of metal spread)**

Implement steadily main measures such as strengthening manufacturing capabilities (including crude steel production : stable at 30.0Mt (standalone), and cost reduction).



Progress of Sixth Medium-Term Business Plan [Steel Business]

~ Stabilize blast furnace operations ~

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The blast furnace trouble task team addressed direct causes for troubles, and is implementing permanent measures to stabilize blast furnaces.

Causes for troubles	<p><Damages of auxiliary facilities of blast furnaces></p> <p>Errors of diagnosing and renewing deteriorated blast furnace auxiliary facilities and increase in facility loads under abnormal operations</p> <p><Errors of recovery operation from abnormal operation></p> <p>Lack of experience due to generation change, different standards for abnormal operation by steelworks and blast furnace</p>
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Preliminary measures (completed)	Permanent measures <implementing>
<ul style="list-style-type: none"> ■ Repaired damaged blast furnace auxiliary facilities ■ Revised standards for abnormal operations ■ Strengthening monitoring (monitoring by operators and auto-sensing) <p style="text-align: center;"></p> <p>All furnaces already resumed normal operation Established system for preventing similar troubles in entire steelworks</p>	<ul style="list-style-type: none"> ■ Renovating deteriorated facilities ■ Developing earlier detection of abnormalities, shortening restoration time <ul style="list-style-type: none"> • “Visualizing” blast furnace by sensors • Introducing temperature control and furnace condition diagnosis by IoT technology • Developing operator-assist system by AI



Progress of Sixth Medium-Term Business Plan [Steel Business]

~ Strengthen production capabilities① ~

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Strengthen efforts to achieve stable operation in addition to investments for capacity increase, performance maximization and cost reduction particularly in West Japan Works.

<Domestic capital investment> IFRS: **around 1 trillion yen over 3 years**

※Transition from J-GAAP to IFRS : expansion of scope of fixed assets

(J-GAAP: **850 billion yen**)

Main measures

■ Investments to increase capacity and maximize performance

New continuous casting machine in Kurashiki etc.
⇒ Crude steel production: 30Mt/year (standalone)

■ Strategic investments to pursue cost advantage

Enhance No.3 sintering plant in Fukuyama etc.

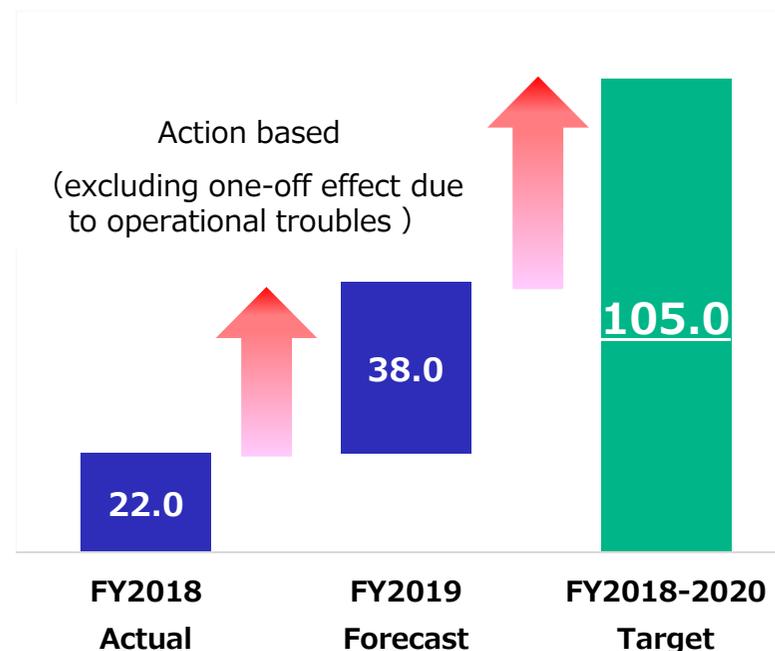
■ Planned investments for renovation

Renovate coke ovens and utility facilities etc.

■ Permanent measures to stabilize blast furnace

Invest in facilities and utilize IoT and AI

<Cost reduction> (billion yen)





Progress of Sixth Medium-Term Business Plan [Steel Business]

~ Strengthen production capabilities② ~

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Self-sufficient coking capacity for entire steelworks was established after renovation of No.6 coke oven in Chiba. Investments for renovation and increasing capacity are progressed as scheduled.

<Progress of main items>

Area	Facility	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Chiba	No.6B Coke oven		Jun. FY2018 (finished)	<u>Established self-sufficient coke capacity for entire steelworks</u>			
Fuku-yama	No.3A Coke oven			2H FY2019 (scheduled)			
Fuku-yama	No.3B Coke oven						2H FY2021 (scheduled)
Fuku-yama	No.3 Sintering plant				2H FY2019 (scheduled)		
Kura-shiki	Continuous Casting Machine					2H FY2020 (scheduled) ⇒ Crude steel production : stable at 30 Mt/year (standalone)	
Keihin	Ogishima Thermal power plant				2H FY2019 (scheduled)		

finished scheduled

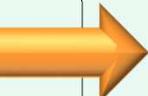


Progress of Sixth Medium-Term Business Plan [Steel Business]

~ Overseas business development ~

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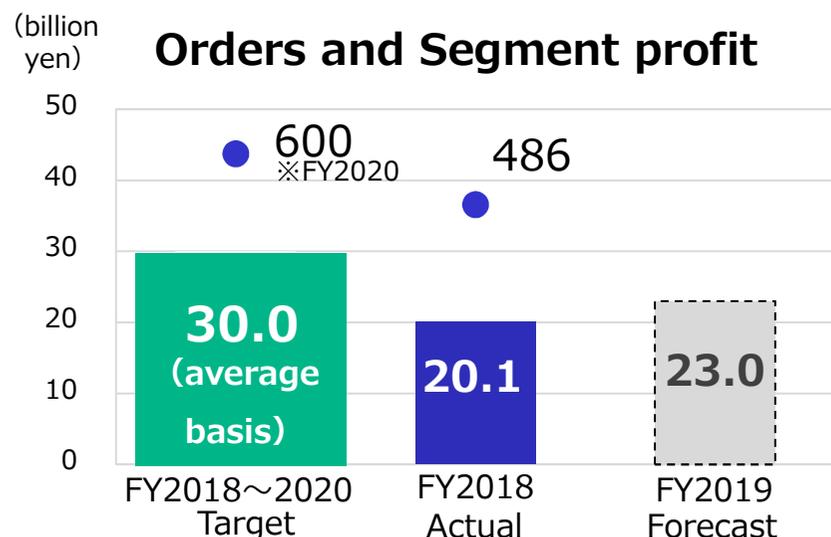
Invest mainly in priority fields to grow from long-term perspective and expand local production and improve profitability of overseas business further.

Company/Project	Business field	FY 2018	FY 2019	FY 2020	Main progress
		Apr-Mar	Apr-Mar	Apr-Mar	
NUCOR-JFE STEEL MEXICO (Mexico·CGL)	Automobiles				Under installation of facilities. To be operational in 2019 after trial run.
BJCMX (China·Iron powder)	Automobiles				Started operation in July, 2018. Established supply system of high-grade iron powders for automobile use in China
JFE MERANTI MYANMAR (Myanmar·flat steel for building and construction)	Infra-structure				Under installation of facilities. To be operational in mid 2020
AL GHARBIA PIPE (UAE·Linepipe)	Energy				Finished facility installation. Under trial run to be operational
Formosa Ha Tinh Steel (Vietnam·No.2 BF)	Overseas BF				Started operation of No.2 blast furnace in May, 2018, established crude steel production of 7.0Mt
JSW Steel (India·Dolvi steelwork expansion)	Overseas BF				To be finished in 2020 (Crude steel production 18Mt→23Mt)
Byerwen Coal (Australia·Coal mine)	Mining interest				Started shipment of hard coking coal to West Japan Works in early January in 2019
Anode material business JFE Chemical & Baowu Carbon Materials & Technology	Automobiles				Started feasibility study

 finished  scheduled



➤ Expanding operations projects and strengthening profitability of overseas business



【Domestic】 New orders of operations project in FY2018

Location		Amount of Order	Contract period
Waste incineration plant	Izumo-city	27.1 billion yen	20 years
	Azumino-city	18.0 billion yen	20years and 1 month
	Tottori-city etc.	33.7 billion yen	20 years

【Overseas】 Progress of overseas business

- Vietnam: Received order of construction of the largest wastewater treatment plant in Hanoi
Received order followed by order of wastewater treatment plant in Hoa Lac with our advanced technical capabilities
- Myanmar:
Completed expansion work of Thilawa Port
Manufactured steel jacket piers through **J&M Steel solutions Co.** to

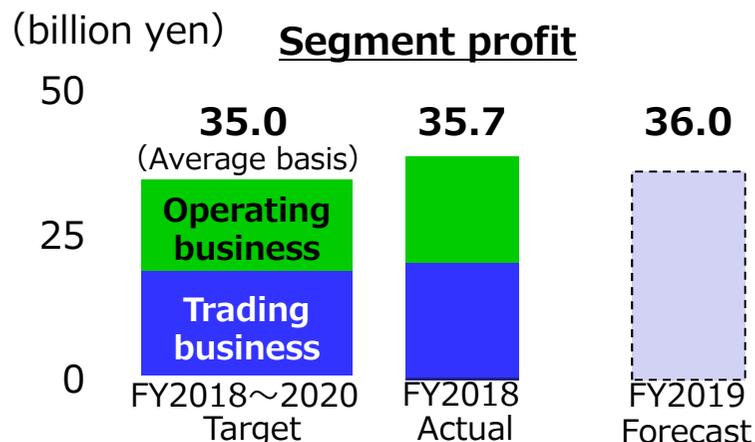


Progress of Sixth Medium-Term Business Plan [Trading Business]

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Aim of 6th mid-term business plan

Build a stable profit base and enhance profitability of trading and operating business.



Summary of segment profit in FY2018

Achieved the target with increase in profitability of overseas subsidiaries mainly in North America and sales price improvement

Measures for building a stable profit base and enhancing profitability

- Further expansion of trading business with overseas affiliates and customers outside JFE group
- Further expansion of scope and profitability of operating business (North America, ASEAN etc.)

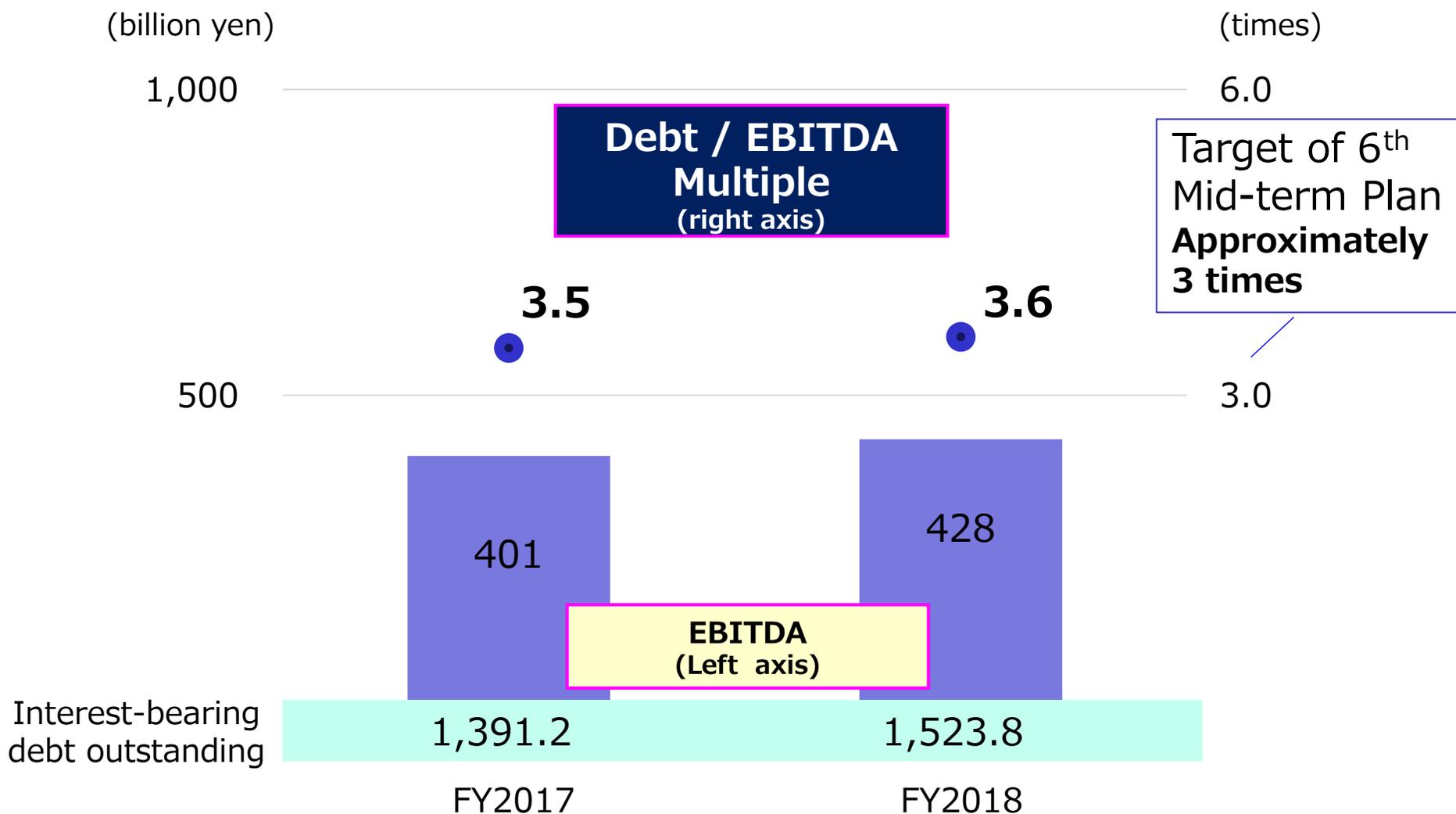
Measures & Progress

Trading business	Utilization of JFE group resources		expanding trading business with overseas affiliates (FHS, JSGT etc.)	
	Expansion of trading with customers outside JFE group		expanding sales of equipment in Europe, India and Brazil, and export sales network of raw materials for steelmaking	
Operating business	Strengthening downstream business	Electrical steel	Invested in I.M.E. (THAILAND) and Zhejiang r. bourgeois mechanics	Capture market of motors for auto and house appliances in ASEAN and China
		Building & Construction	Established ROLLMAT JAPAN (JFE Shoji Trade Steel Construction Materials Co.)	Save manpower and shorten construction duration
	Processing and distribution / expansion of business scope		Building a new factory with clean room in JFE Shoji Buriki Center ※(To be completed in May, 2019)	Enhance competitive edge of tin steel business by improving productivity and quality



Debt / EBITDA Multiple

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■ EBITDA = Business Income + Depreciation

■ Debt/EBITDA Ratio = Interest-bearing debt outstanding/EBITDA 31



Strengthen Business Structure for Sustainable Growth

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Environmental

To achieve Paris Agreement's Long-Term Target, Japan's steel industry has formulated a new [long-term vision for climate change mitigation](#) that extends to 2100 (Nov.2018) and aims to achieve zero-carbon steel. The JFE Steel is also pursuing new initiatives to achieve this target based on JISF's long-term vision.

Social

JFE formulated [Raw Materials Purchasing Policy](#)(Feb.2019) to develop and maintain its sustainable raw material purchasing system through respecting human rights, legal compliance, and environmental preservation.

Governance

A female corporate officer is scheduled to take office as an Audit and Supervisory Board Member of JFE Holdings(June.2019). We intend to promote active participation of women, to ensure diversity in the Board of Directors and Audit and Supervisory Board and enhance its effectiveness.

➤ More details are available in the following reports on JFE's website

JFE Group Report 2018 (Integrated Report) (Sep.2018)

JFE Group CSR Report 2018 (Sep.2018)



Appendix



Main Financial Data

JFE
J-GAAP

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
(bn. Yen, times)								
Ordinary Income	52.9	52.2	173.6	231.0	64.2	84.7	216.3	221.1
EBITDA	306.3	260.6	368.9	421.5	254.4	279.9	388.8	405.9
ROS	1.7%	1.6%	4.7%	6.0%	1.9%	2.6%	5.9%	5.6%
ROE	-2.6%	2.7%	6.3%	7.7%	1.8%	3.7%	7.6%	8.3%
ROA	1.7%	1.6%	4.5%	5.5%	1.7%	2.3%	5.2%	5.1%
Debt Outstanding	1,593	1,596	1,534	1,501	1,379	1,375	1,331	1,450
Debt/EBITDA Ratio	x5.2	x6.1	x4.2	x3.6	x5.4	x4.9	x3.4	x3.6
D/E Ratio	83.5%	76.9%	67.9%	59.0%	56.9%	51.4%	58.1%	62.0%
Profit attributable to owners of parent (yen/share)								
	-68.7	71.2	177.4	241.6	58.4	117.8	250.8	285.0
Dividend (yen/share)	20	20	40	60	30	30	80	95
Pay-out Ratio	-	28.1%	22.5%	24.8%	51.4%	25.5%	31.9%	33.3%

IFRS

	FY18
(bn. Yen, times)	
Business profit	232.0
EBITDA * 1	428.2
ROS * 2	6.0%
ROE * 3	8.6%
ROA * 4	5.0%
Interest-bearing debt outstanding	1,524
Debt/EBITDA multiple	x3.6
D/E Ratio * 6	68.2%
Profit attributable to owners of parent (yen/share)	
	283.8
Dividend (yen/share)	95
Pay-out Ratio	33.5%

Notes
[IFRS]

- * 1 EBITDA = Business profit + Depreciation and Amortization
 - * 2 ROS = Business profit / Revenue
 - * 3 ROE = Profit attributable to owners of parent company / Equity
 - * 4 ROA = Business profit / Total assets
 - * 5 Debt/EBITDA ratio = Interest-bearing debt outstanding / EBITDA
 - * 6 D/E ratio = Interest-bearing debt outstanding / Equity attributable to owners of parent
- For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies-



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Cash Flow Results for FY2018

(billion yen)

Source		Usage	
Net Income	164	Dividends	55
		Capex, Investments	321
Depreciation and Amotization	196	Working Capital etc.	117
Interest-bearing Debt	133		



Comparative Table of J-GAAP and IFRS Profit and Loss statement

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J-GAAP		IFRS
Net Sales		Revenue
Cost of Sales		Cost of Sales
Gross Profit		Gross Profit
Selling, general and administrative expenses		Selling, general and administrative expenses
Operating Income		Other Income (Expenses)
Non-operating Income (Expenses)		Share of profit of entities accounted for using equity method
Ordinary Income		Business Profit
Extraordinary Income (Loss)		Exceptional Items
		Operating Income
		Financial Income (Expenses)
Profit Before Income Taxes		Profit Before Income Taxes
Income Taxes		Income Taxes
Net Income		Net Income
Profit Attributable to Non-controlling Interests		Profit Attributable to non-controlling interests
Profit Attributable to Owners of Parent		Profit Attributable to Owners of Parent

Gain or Loss on sales of securities and gain or loss on valuation of securities are reclassified to other comprehensive income



35.1 Billion Yen Decrease in JFE Steel's Ordinary Income (FY18 3Q (Actual) vs. FY18 4Q (Actual))

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J-GAAP

(billion yen)

JFE Steel	FY2018					Change 3Q →4Q
	1H	3Q	4Q	2H	Full year	
		Oct-Dec	Jan-Mar			
Ordinary Income	114.1	42.8	7.7	50.5	164.6	(35.1)

- Volume and Mix — 8.0
- Sales and Raw materials — 20.0
- Inventory valuation — 5.0
- Others — 2.1

⇒

- Inventory valuation -7.0 (+11.0 → +4.0)
- Carry over of raw materials +4.0 (+2.0 → +6.0)
- Foreign exchange valuation -2.0 (±0.0 → -2.0)

TOTAL — 35.1



63.6 Billion Yen Decrease in JFE Steel's Ordinary Income (FY18 1H (Actual) vs. 2H (Actual))

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J-GAAP

(billion yen)

JFE Steel	FY2018					Change 1H →2H
	1H	3Q	4Q	2H	Full year	
		Oct-Dec	Jan-Mar			
Ordinary Income	114.1	42.8	7.7	50.5	164.6	(63.6)

■ **Cost** - 10.0

■ **Volume and Mix** - 24.0

■ **Sales and Raw materials** - 20.0

■ **Inventory valuation** + 5.0

• Inventory valuation -5.0 (+20.0 → +15.0)
 • Raw materials carry over +17.0 (-9.0 → +8.0)
 • Foreign exchange valuation -7.0 (+5.0 → -2.0)

■ **Others** - 14.6

• Increase in depreciation cost etc.

TOTAL - 63.6



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Classification of placed orders

(billion yen)

Category	FY2017 (A)	FY2018 (A)	Change	Main Orders (FY2018)
Environment	227.3	212.6	(14.7)	<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 the treatment facility of seepage water at final waste disposal site in Tottori - Volume reduction works of disaster waste - Construction of the wastewater treatment plant [Hanoi, Vietnam] - Construction of waste to energy plants and waste heat recovery plants [Europe]
Energy	126.9	132.8	5.9	<ul style="list-style-type: none"> - Construction of the LNG station - Construction of the Pipeline (1st phase of the Southern part line [Aichi])
Social Infrastructure etc.	134.4	137.4	3.0	<ul style="list-style-type: none"> - Construction of the bridges ([Nagoya], [Miyagi],[Kyoto] , [Okinawa]) - Reconstruction of the bridges (Metropolitan expressway, Shibuya station west entrance pedestrian bridge) - Emergency repair work of the bridge [Yamaguchi] - Construction of the container cranes [Shizuoka, Kochi] - Construction of the transport and storage facility of woody biomass ([Yamaguchi] ,[Shimane]) - Construction of the smart-agriculture plant [Tochigi]
Total	488.7	482.8	(5.9)	

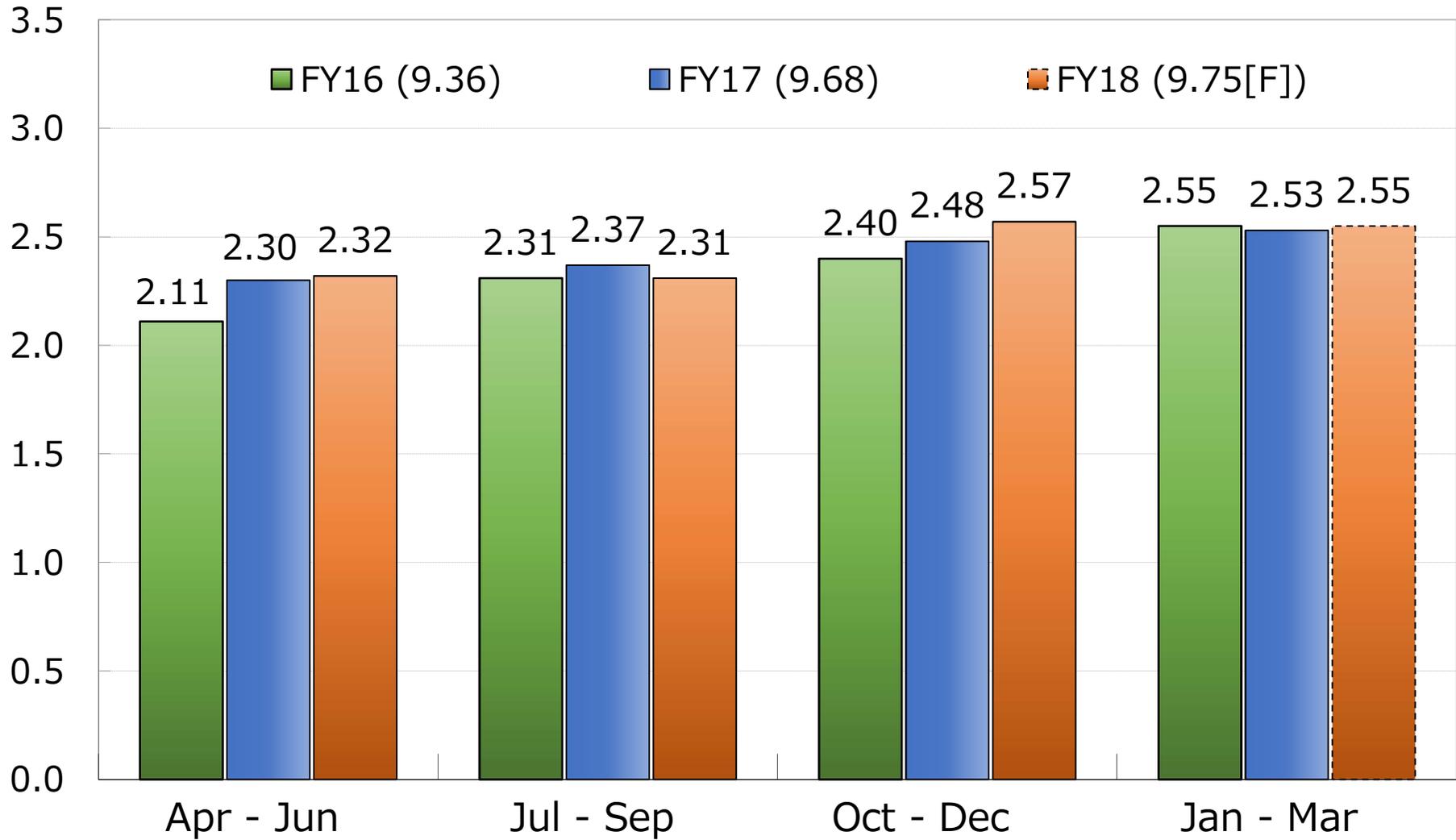


Domestic Market Environment

Trend of Domestic auto production

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(million units)



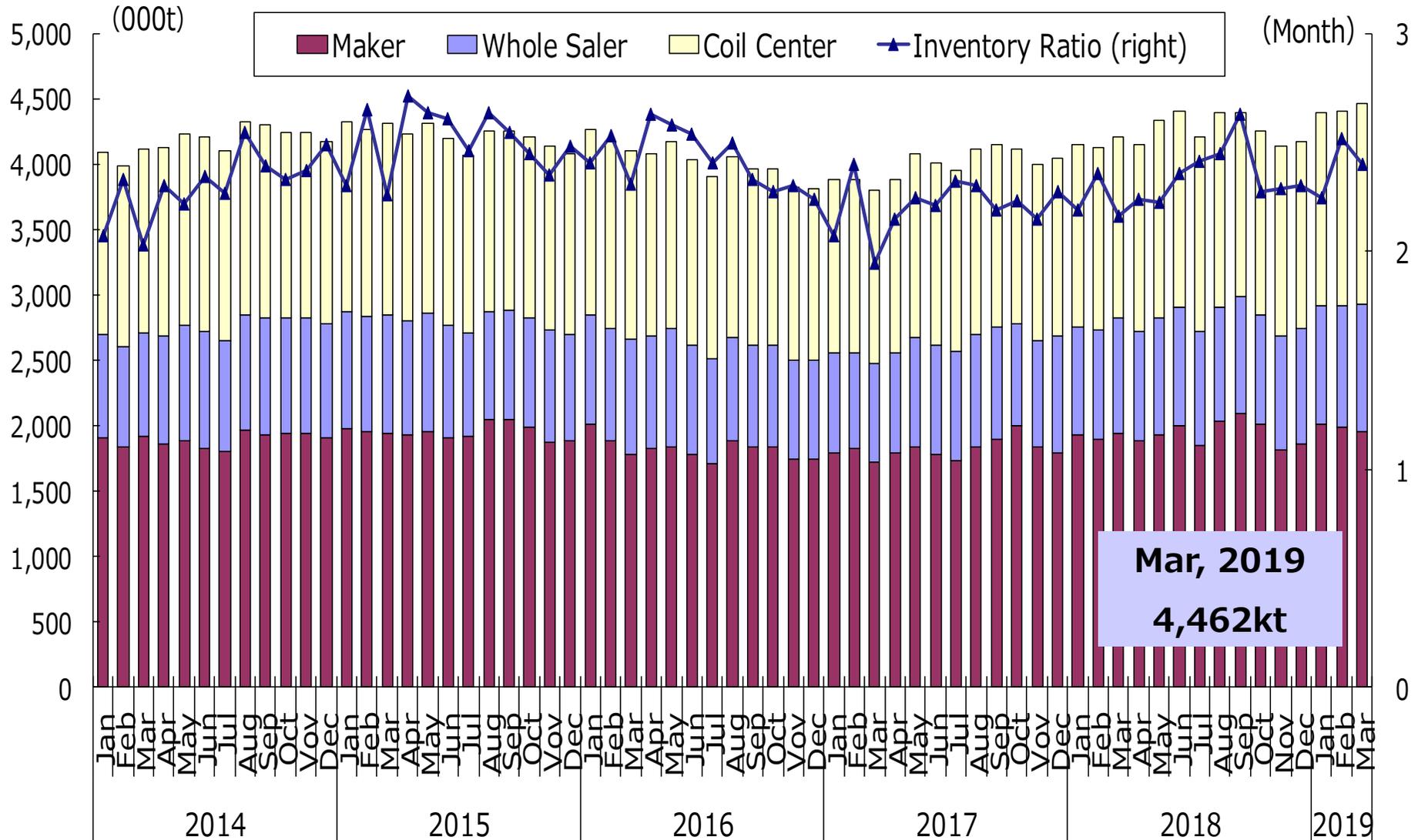


Domestic Market Environment

JFE Steel

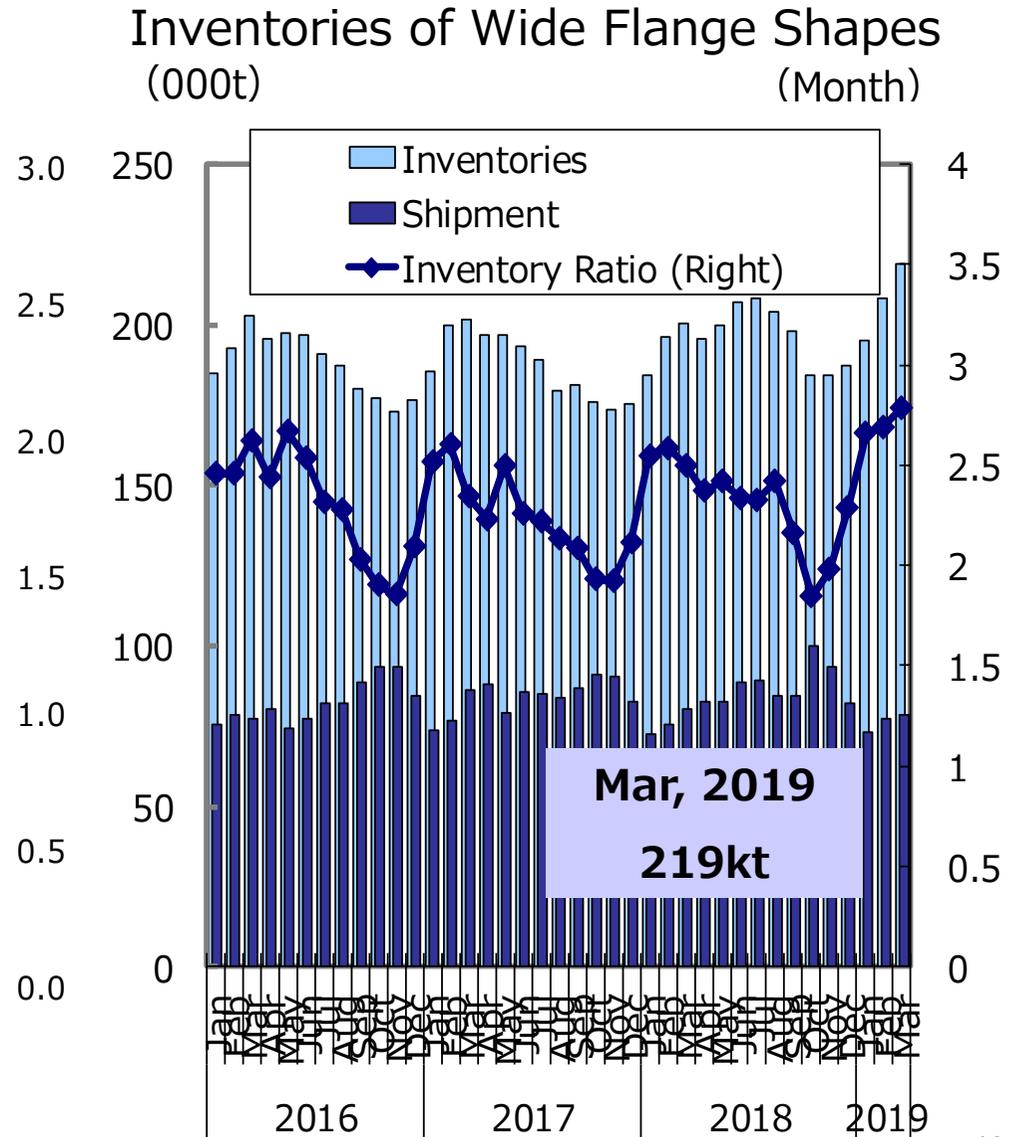
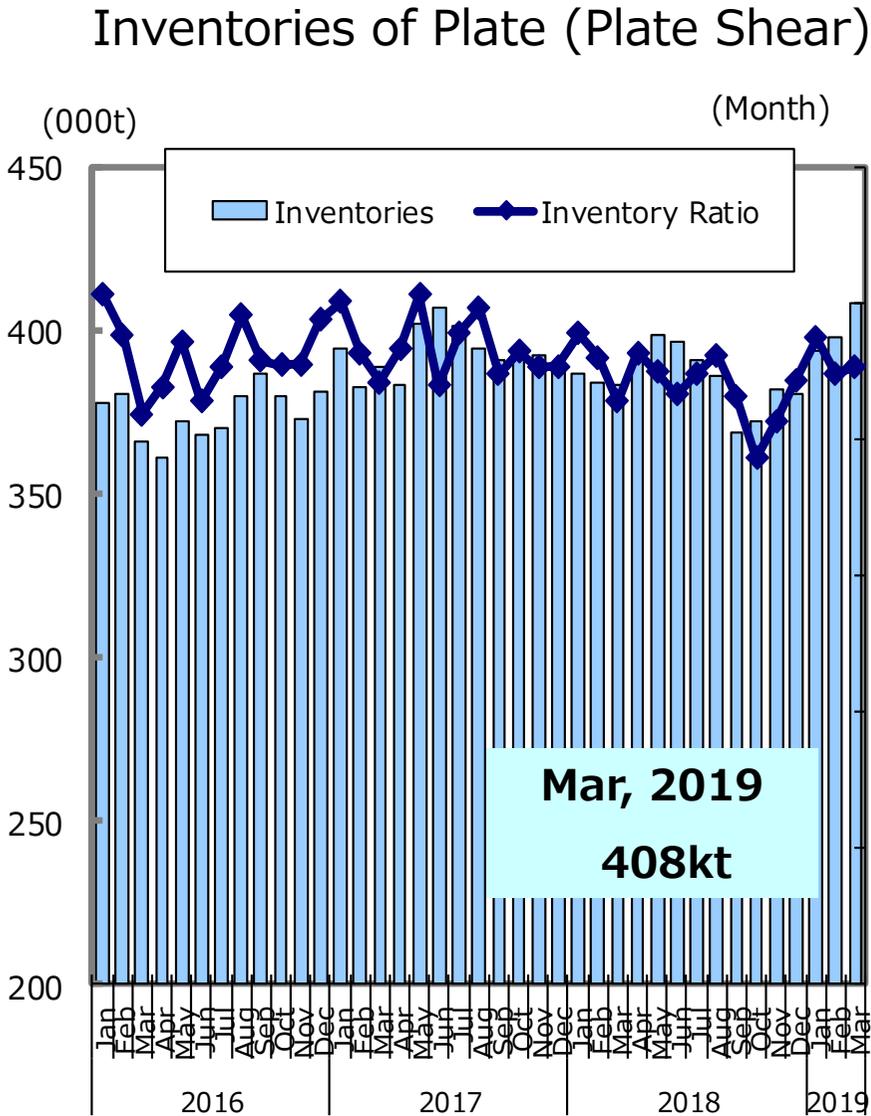
Combined Inventories of HR, CR and Coated Steel Sheet

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Inventories of Plate (Plate Shear) and Wide Flange Shapes



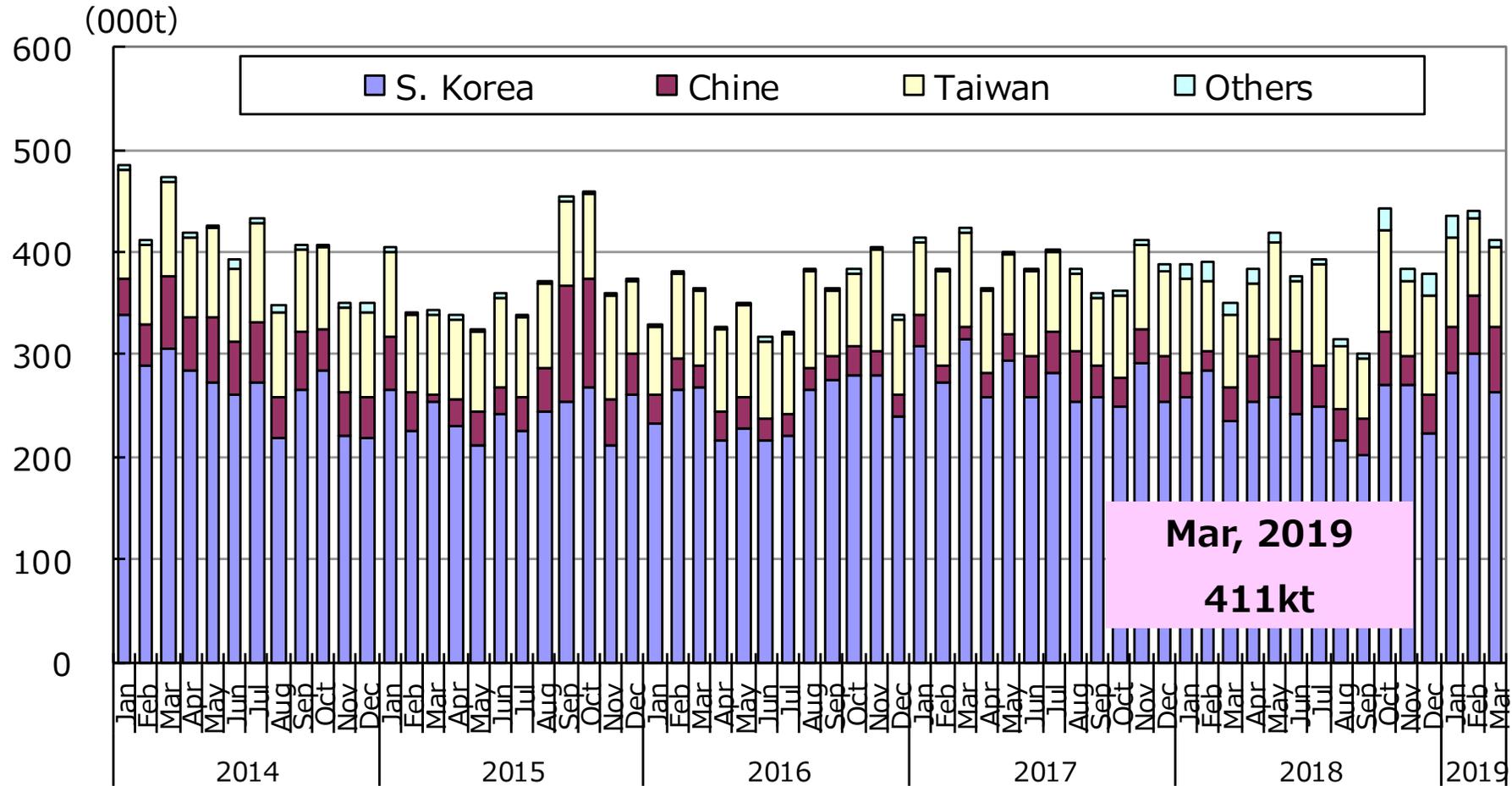


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Domestic Market Environment

Trend of Import Steel (Ordinary Steel)

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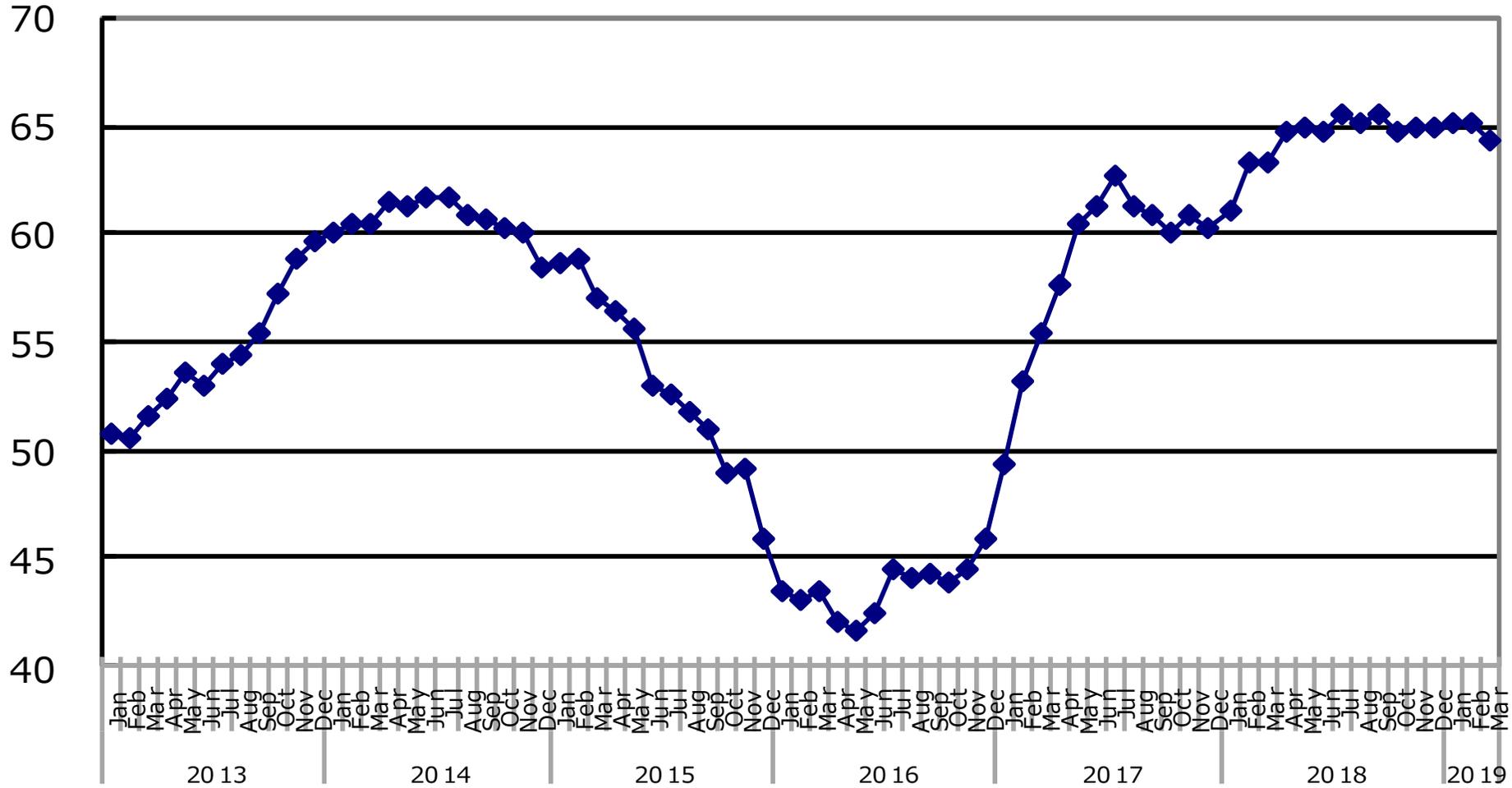




Price Trend of Import Steel

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(000 yen/ton)

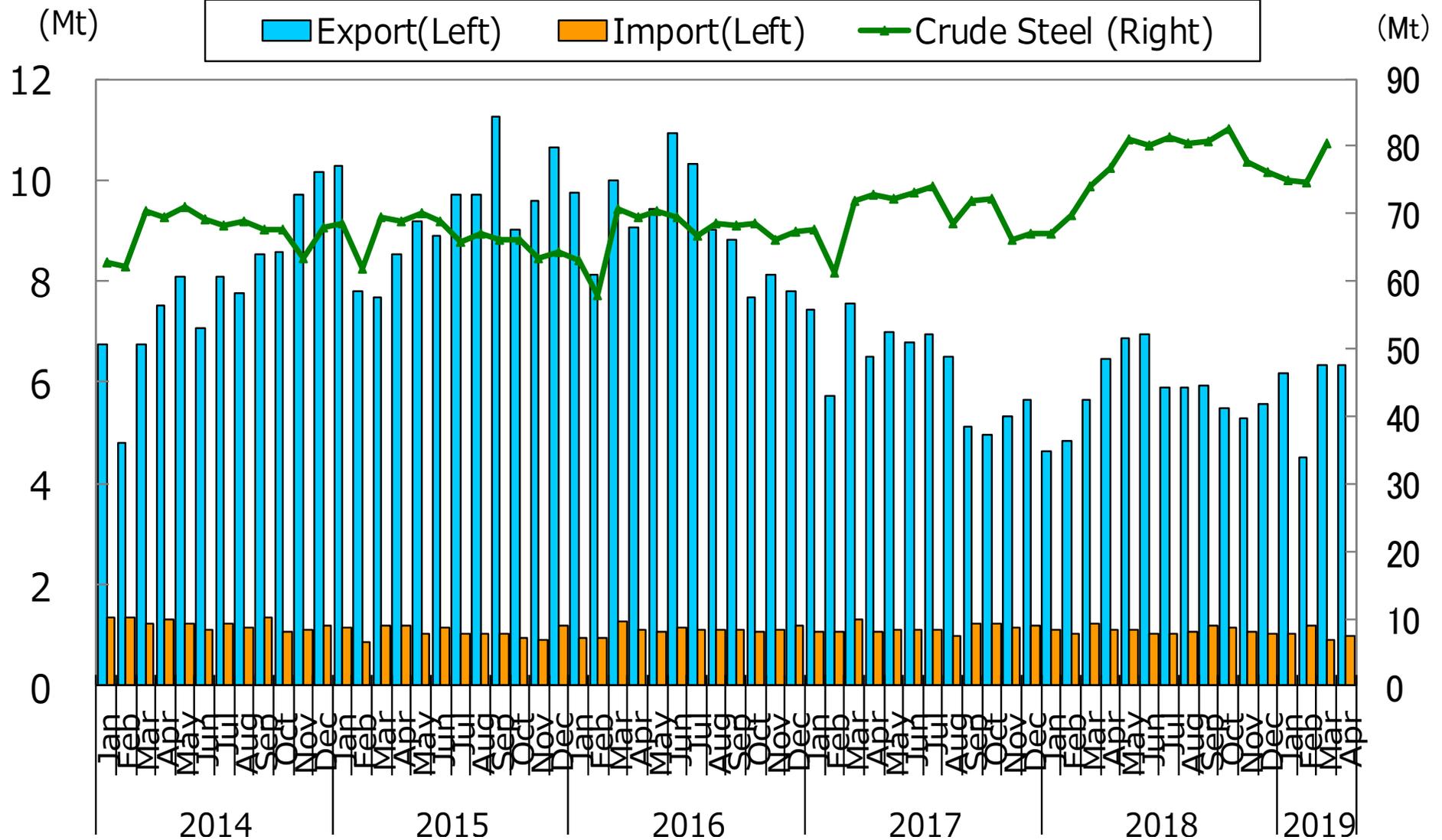


Data: Japanese Steel Association
Import Steel from S. Korea



Crude Steel & Im/Export, China

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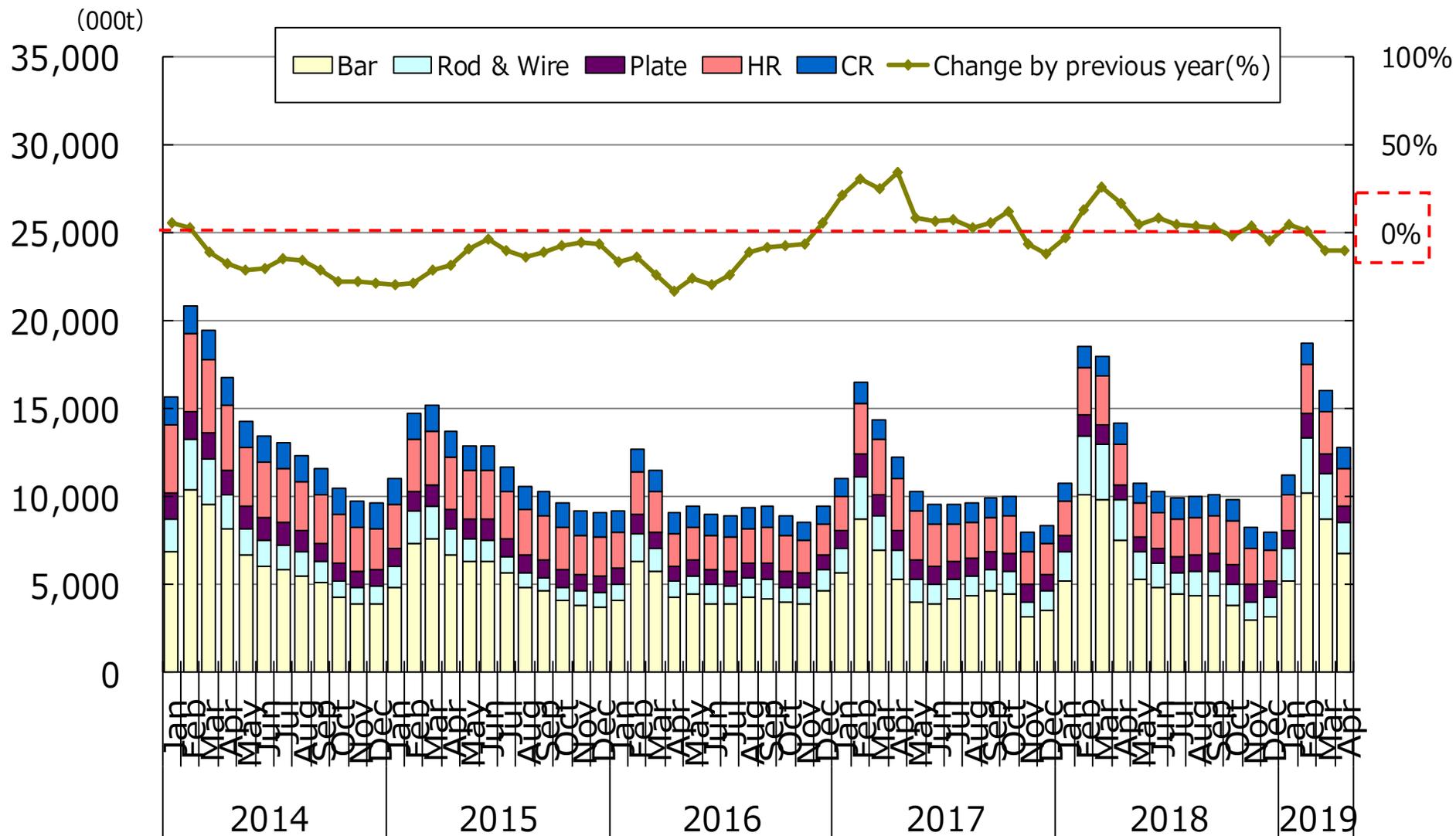
※Apparent Crude Steel Consumption : Crude Steel - Export + Import

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



Inventories in China by Products

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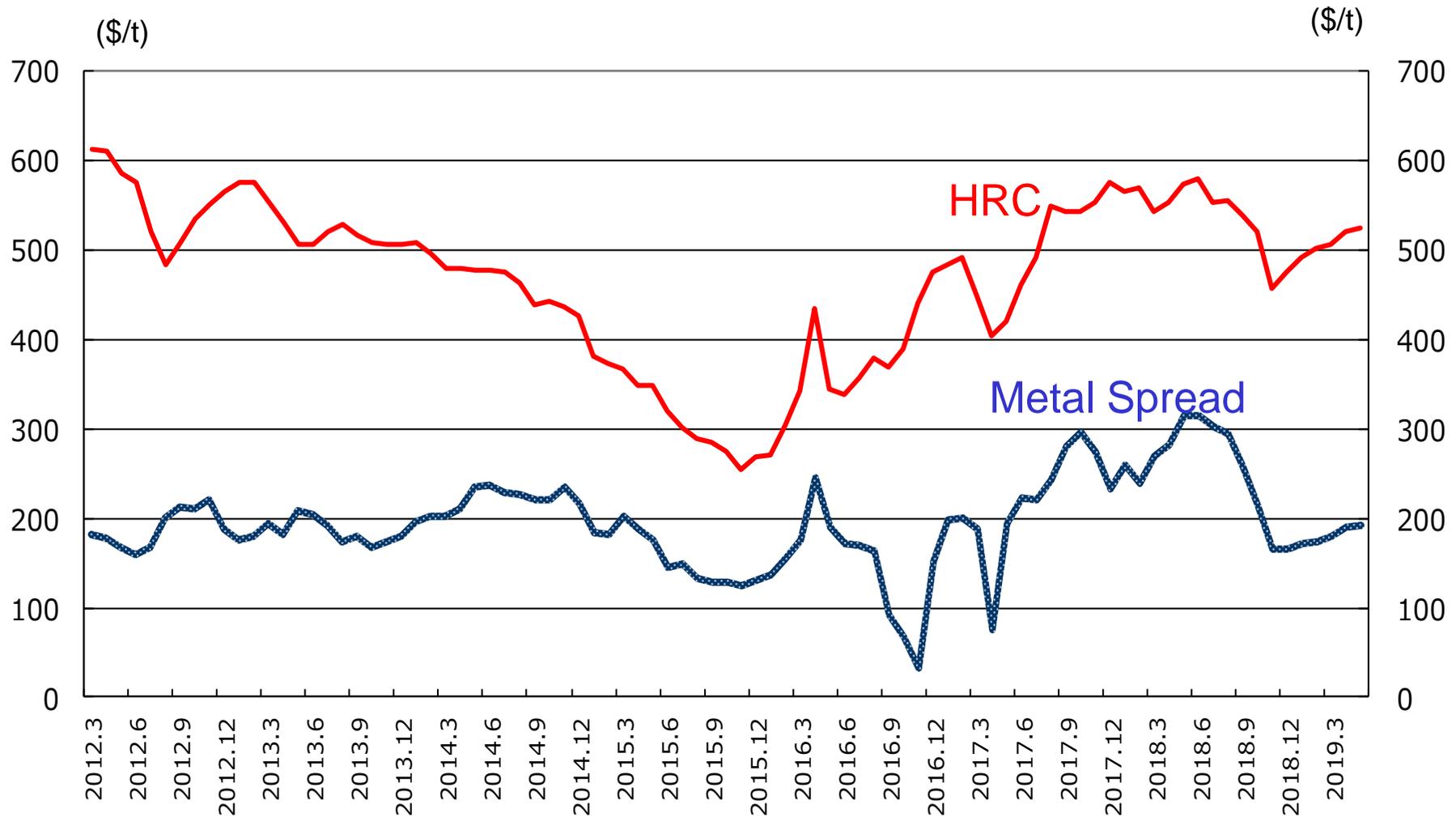


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Overseas Market Environment

Metal Spread Trend (Chinese Spot Basis)

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Metal Spread = HRC Price – Raw Materials Cost

*HRC Price : Chinese Spot basis

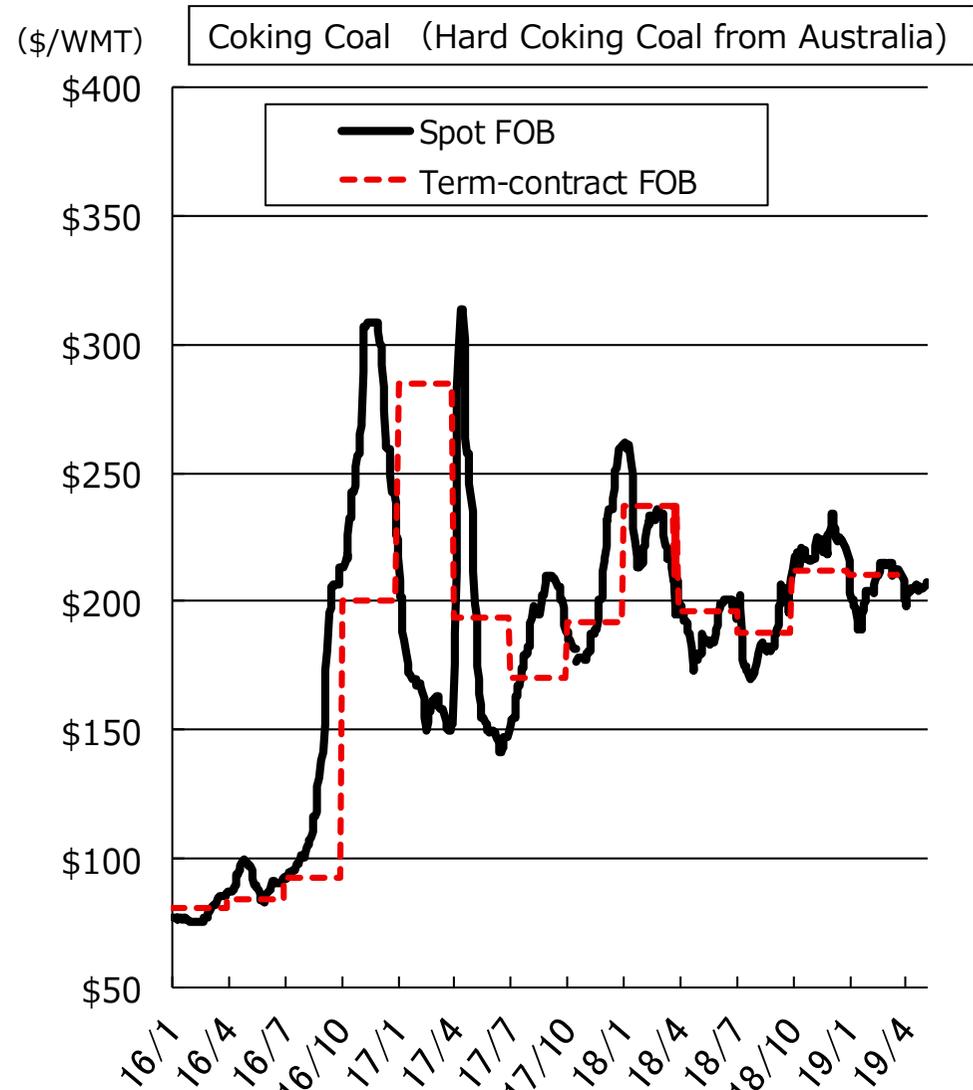
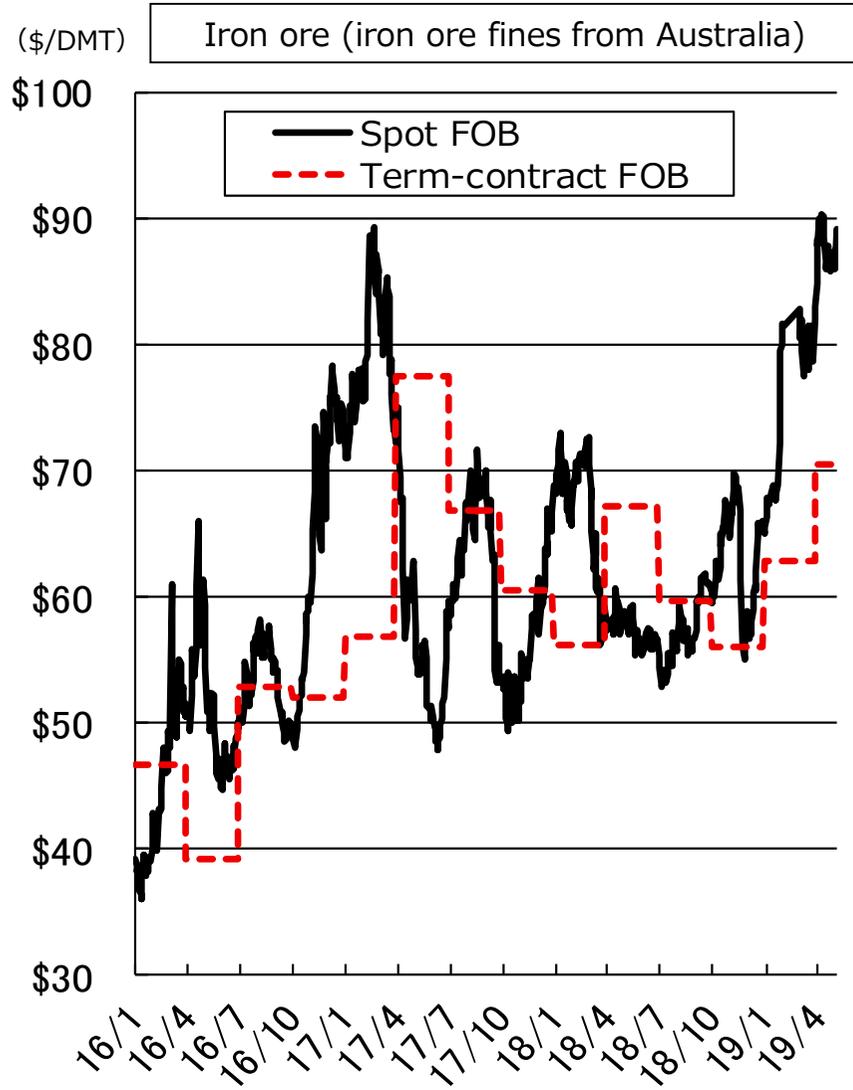
Raw Materials Cost : Calculated from market price of Iron Ore and Hard Coking Coal



Raw Materials

Raw Materials Price

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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)



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(¢/lb) FeCr



(U\$/t) Zn



(U\$/t) FeMn

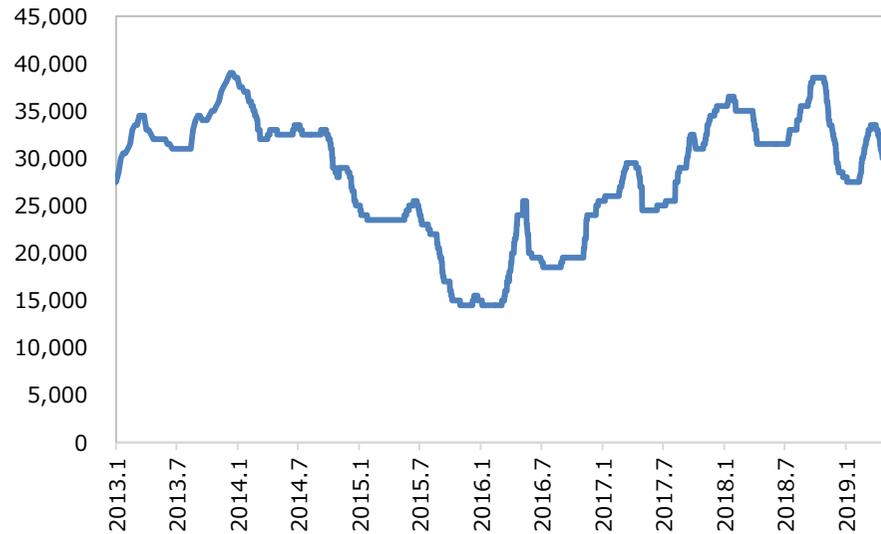


(U\$/lb) Mo

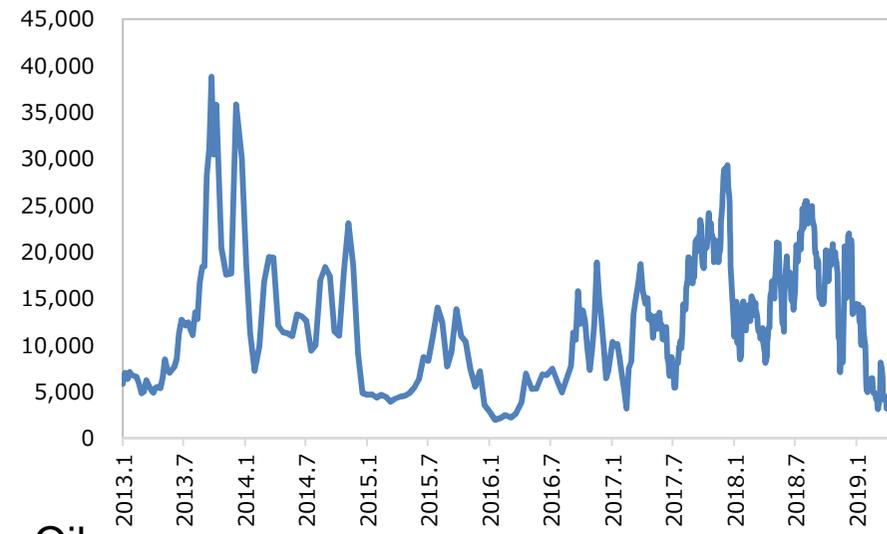




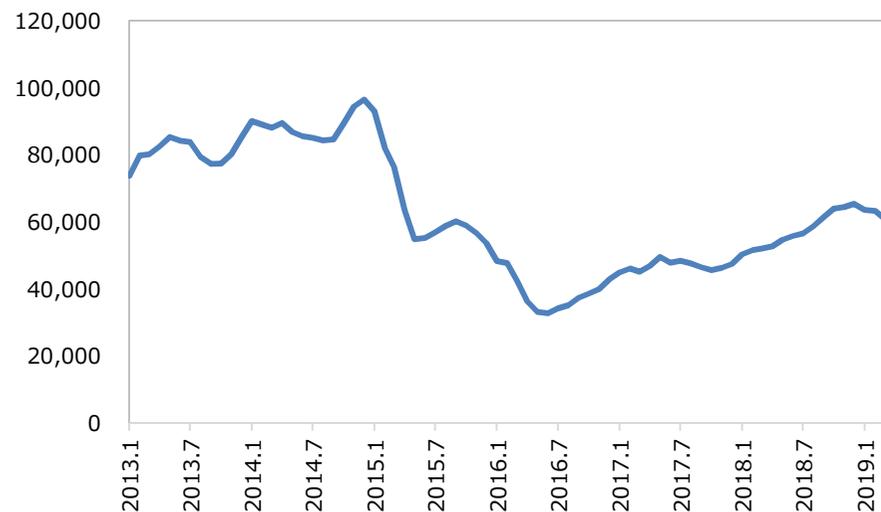
(yen/t) Scrap



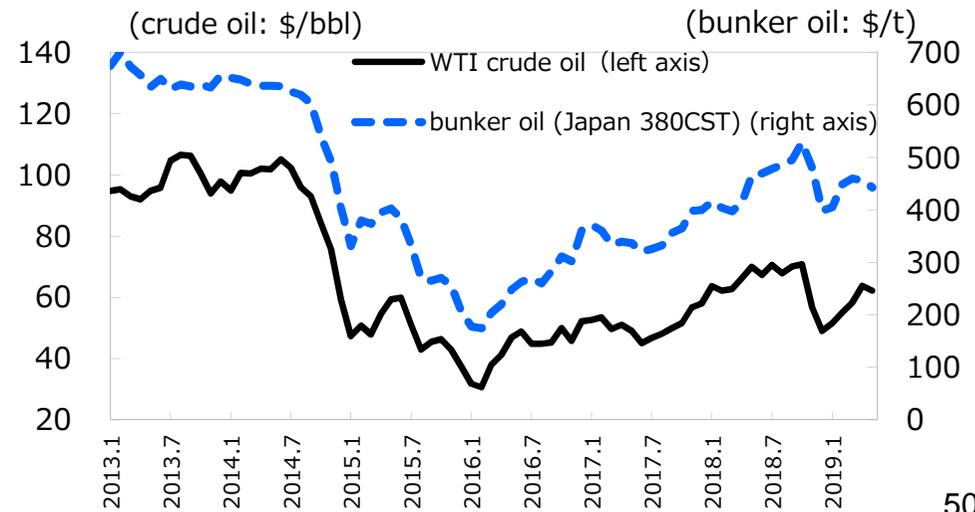
(\$/day) Spot Bulker



(yen/t) LNG Price



Oil



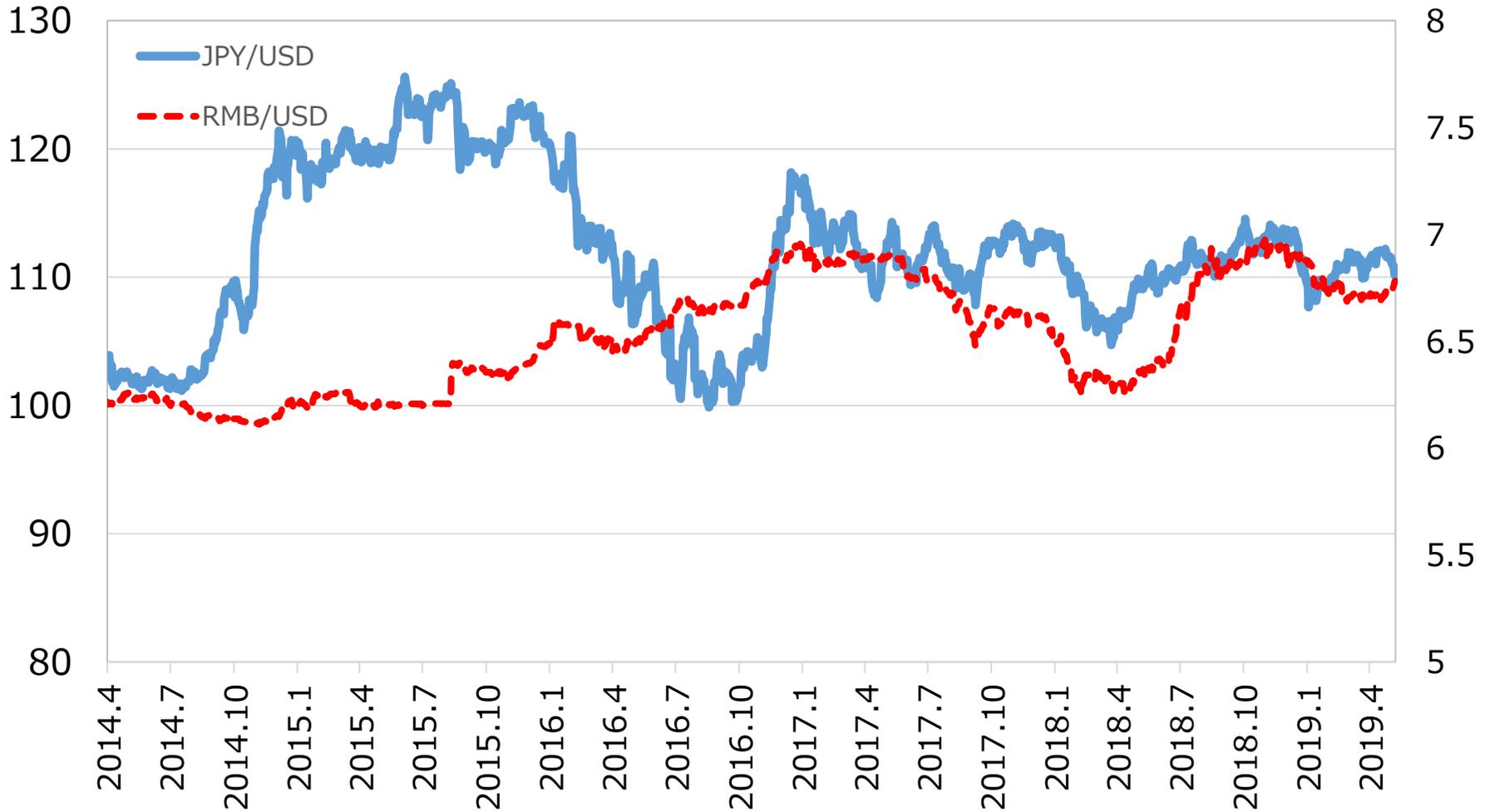


Trend of exchange rate (USD against JPY RMB)

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(JPY/USD)

(RMB/USD)





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