

JFE Holdings' Financial Results for First Quarter of Fiscal Year 2019 Ending March 31, 2020

— All financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) —
(Note: The following is an English translation of an original Japanese document)

August 9, 2019

Official name: Listings: Code: English URL: Representative: Contact: Phone: Scheduled date to submit Quarterly Securities Report: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	JFE Holdings, Inc. Tokyo and Nagoya stock exchanges 5411 www.jfe-holdings.co.jp/en Koji Kakigi, President and CEO Hidetsugu Tawara, Manager, Public Relations Section, Investor Relations and Corporate Communications Department +81-3-3597-3842 August 13, 2019 Yes Yes
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(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Quarter of Fiscal 2019 (April 1 to June 30, 2019)

(1) Consolidated Operating Results (cumulative total)

(Percentages indicate year on year change)

	Revenue (million yen)	%	Business profit (million yen)	%	Profit Before tax (million yen)	%	Profit (million yen)	%	Profit attributable to owners of parent (million yen)	%	Compre- hensive income (million yen)	%
1Q FY 2019	927,409	(0.1)	30,781	(63.1)	27,514	(65.7)	20,702	(64.3)	19,740	(65.2)	13,765	(71.1)
1Q FY 2018	927,875	-	83,346	-	80,138	-	58,022	-	56,790	-	47,604	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
1Q FY 2019	34.28	34.27
1Q FY 2018	98.51	98.51

Note: Business profit is profit before tax excluding financial income and one-time items of a materially significant value.

(2) Consolidated Financial Position

	Total assets (million yen)	Total equity (million yen)	Equity attributable to owners of parent (million yen)	Total equity attributable to owners of parent (%)
End 1Q FY 2019	4,817,752	1,990,811	1,914,477	39.7
End FY 2018	4,709,201	1,991,759	1,926,337	40.9

2. Dividends

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2018	95.00	45.00	50.00
FY 2019 (forecast)	-	20.00	-

Note: Revisions to dividend forecast announced most recently: Yes
The year-end dividend and the total dividend are not yet determined.

3. Forecasts of Consolidated Financial Results in Fiscal 2019 (April 1, 2019 to March 31, 2020)

	Revenue (million yen)	%	Business profit million yen	%	Profit before tax (million yen)	%	Profit attributable to owners of parent (million yen)	%	Basic earnings per share (yen)
1H FY 2019	1,870,000	-	55,000	-	50,000	-	35,000	-	60.78
FY 2019	3,960,000	2.2	140,000	(39.7)	125,000	(40.3)	90,000	(45.0)	156.29

Note: Revisions to consolidated financial results forecasts announced most recently: Yes

Notes

1. Changes in significant subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No

2. Changes in accounting policies and accounting estimates
 - 1) Changes in the accounting policies required by IFRS: Yes
 - 2) Changes in the accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No

3. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of the term (including treasury stock)
 - As of June 30, 2019: 614,438,399 shares
 - As of March 31, 2019: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of June 30, 2019: 38,596,798 shares
 - As of March 31, 2019: 38,590,471 shares
 - 3) Average number of shares during the term
 - 1Q FY 2019: 575,844,389 shares
 - 1Q FY 2018: 576,515,055 shares

This report is not subject to auditing by a certified public accountant or an audit corporation.

Explanation of Appropriate Use of Results Forecasts, and Other Matters of Note

1. As of the Fiscal 2018 under review, the Company adopted International Financial Reporting Standards ("IFRS") in place of Japanese generally accepted accounting principles (J-GAAP). Consolidated figures for the First Quarter of Fiscal 2018 are therefore also presented on an IFRS basis.

2. Forecasts and other forward-looking statements herein are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances.

3. The supplementary financial data will be published on our website.

Attachments

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1. Condensed Quarterly Consolidated Financial Statements and Notes
(1) Condensed Quarterly Consolidated Statement of Financial Position

	As of March 31, 2019	(million yen) As of June 30, 2019
Assets		
Current assets:		
Cash and cash equivalents	82,288	89,632
Trade and other receivables	754,679	673,938
Contract assets	124,039	140,543
Inventories	917,812	935,009
Income taxes receivable	19,076	29,631
Other financial assets	4,471	7,820
<u>Other current assets</u>	<u>86,290</u>	<u>106,507</u>
Total current assets	1,988,658	1,983,083
Non-current assets:		
Property, plant and equipment:	1,835,229	1,825,093
Goodwill	4,445	5,090
Intangible assets	82,567	83,829
Right-of-use assets	-	106,042
Investment property	59,425	59,659
Investments accounted for using equity method	315,064	319,311
Retirement benefit asset	16,380	15,754
Deferred tax assets	36,609	31,360
Other financial assets	360,133	373,680
<u>Other non-current assets</u>	<u>10,686</u>	<u>14,847</u>
Total non-current assets	2,720,543	2,834,669
Total assets	4,709,201	4,817,752

	As of March 31, 2019	(million yen) As of June 30, 2019
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	584,939	541,390
Bonds payable, borrowings, and lease liabilities	329,400	417,038
Contract liabilities	59,060	72,094
Income taxes payable, etc.	16,399	5,870
Provisions	14,336	12,571
Other financial liabilities	99,097	105,166
Other current liabilities	222,705	182,842
Total current liabilities	1,325,938	1,336,973
Non-current liabilities		
Bonds payable, borrowings, and lease liabilities	1,194,478	1,290,944
Retirement benefit liability	133,999	135,355
Provisions	30,438	29,819
Deferred tax liabilities	3,550	3,607
Other financial liabilities	17,140	18,699
Other non-current liabilities	11,895	11,542
Total non-current liabilities	1,391,503	1,489,968
Total liabilities	2,717,442	2,826,941
Equity		
Share capital	147,143	147,143
Capital surplus	646,793	652,741
Retained earnings	1,241,420	1,230,527
Treasury shares	(180,670)	(180,680)
Other components of equity	71,650	64,746
Equity attributable to owners of parent	1,926,337	1,914,477
Non-controlling interests	65,422	76,333
Total equity	1,991,759	1,990,811
Total liabilities and equity	4,709,201	4,817,752

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statements of Income (First Quarter)

	First Quarter of Fiscal 2018 (April 1, 2018 – June 30, 2018)	(million yen) First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)
Revenue	927,875	927,409
Cost of sales	<u>(783,869)</u>	<u>(820,106)</u>
Gross profit	144,005	107,303
Selling, general and administrative expenses	(83,868)	(86,519)
Share of profit of entities accounted for using equity method	16,531	6,603
Other income	12,253	11,260
Other expenses	<u>(5,575)</u>	<u>(7,866)</u>
Business profit	83,346	30,781
Operating profit	<u>83,346</u>	<u>30,781</u>
Finance income	338	614
Finance costs	<u>(3,545)</u>	<u>(3,881)</u>
Profit before tax	80,138	27,514
Income tax expense	<u>(22,116)</u>	<u>(6,811)</u>
Profit	58,022	20,702
Profit attributable to		
Owners of parent	56,790	19,740
Non-controlling interests	<u>1,232</u>	<u>961</u>
Profit	58,022	20,702
Earnings per share		
Basic earnings per share (yen)	98.51	34.28
Diluted earnings per share (yen)	98.51	34.27

Condensed Quarterly Consolidated Statements of Comprehensive Income (First Quarter)

	First Quarter of Fiscal 2018 (April 1, 2018 – June 30, 2018)	(million yen) First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)
Profit	58,022	20,702
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	1,724	(579)
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(2,302)	(6,706)
Share of other comprehensive income of investments accounted for using equity method	<u>576</u>	<u>210</u>
Total of items that will not be reclassified to profit or loss	(1)	(7,076)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,847)	528
Effective portion of cash flow hedges	(114)	(274)
Share of other comprehensive income of investments accounted for using equity method	<u>(6,453)</u>	<u>(114)</u>
Total of items that may be reclassified to profit or loss	(10,416)	139
Total other comprehensive income	<u>(10,418)</u>	<u>(6,936)</u>
Comprehensive income	<u>47,604</u>	<u>13,765</u>
Comprehensive income attributable to		
Owners of parent	46,450	12,561
Non-controlling interests	<u>1,153</u>	<u>1,204</u>
Comprehensive income	<u>47,604</u>	<u>13,765</u>

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
 First Quarter of Fiscal 2018 (April 1, 2018 – June 30, 2018)

(million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2018	147,143	646,634	1,138,091	(179,070)	–	113,073
Profit	–	–	56,790	–	–	–
Other comprehensive income	–	–	–	–	1,833	(1,918)
Comprehensive income	–	–	56,790	–	1,833	(1,918)
Purchase of treasury shares	–	–	–	(17)	–	–
Disposal of treasury shares	–	(0)	–	0	–	–
Dividends	–	–	(28,834)	–	–	–
Share-based payment transactions	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	(0)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	1,912	–	(1,833)	(79)
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	(0)	(26,921)	(16)	(1,833)	(79)
Balance as of June 30, 2018	147,143	646,634	1,167,960	(179,086)	–	111,075

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2018	(1,805)	(1,359)	109,907	1,862,707	59,357	1,922,065
Profit	–	–	–	56,790	1,232	58,022
Other comprehensive income	(9,788)	(466)	(10,339)	(10,339)	(78)	(10,418)
Comprehensive income	(9,788)	(466)	(10,339)	46,450	1,153	47,604
Purchase of treasury shares	–	–	–	(17)	–	(17)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	–	(28,834)	(1,542)	(30,377)
Share-based payment transactions	–	–	–	–	–	–
Changes in ownership interest in subsidiaries	–	–	–	(0)	0	–
Transfer from other components of equity to retained earnings	–	–	(1,912)	–	–	–
Transfer to non-financial assets	–	21	21	21	–	21
Other	–	–	–	–	441	441
Total transactions with owners	–	21	(1,890)	(28,829)	(1,100)	(29,930)
Balance as of June 30, 2018	(11,593)	(1,804)	97,677	1,880,328	59,410	1,939,738

First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)

(million yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	
					Remeasurements of defined benefit plans	Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income
Balance as of April 1, 2019	147,143	646,634	1,241,420	(180,670)	—	90,730
Cumulative effects of changes in accounting policies	—	—	(1,302)	—	—	—
Retroactively adjusted balance	147,143	646,793	1,240,117	(180,670)	—	90,730
Profit	—	—	19,740	—	—	—
Other comprehensive income	—	—	—	—	(606)	(6,501)
Comprehensive income	—	—	19,740	—	(606)	(6,501)
Purchase of treasury shares	—	—	—	(11)	—	—
Disposal of treasury shares	—	(1)	—	1	—	—
Dividends	—	—	(28,831)	—	—	—
Share-based payment transactions	—	75	—	—	—	—
Changes in ownership interest in subsidiaries	—	5,873	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	(498)	—	606	(107)
Transfer to non-financial assets	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	5,947	(29,330)	(10)	606	(107)
Balance as of June 30, 2019	147,143	652,741	1,230,527	(180,680)	—	84,121

	Equity attributable to owners of parent					
	Other components of equity			Total	Non-controlling interests	Total equity
	Exchange differences on translation of foreign operations	Effective portion of cash flow hedges	Total			
Balance as of April 1, 2019	(16,547)	(2,532)	71,650	1,926,337	65,422	1,991,759
Cumulative effects of changes in accounting policies	—	—	—	(1,302)	—	(1,302)
Retroactively adjusted balance	(16,547)	(2,532)	71,650	1,925,034	65,422	1,990,456
Profit	—	—	—	19,740	961	20,702
Other comprehensive income	83	(154)	(7,178)	(7,178)	242	(6,936)
Comprehensive income	83	(154)	(7,178)	12,561	1,204	13,765
Purchase of treasury shares	—	—	—	(11)	—	(11)
Disposal of treasury shares	—	—	—	0	—	0
Dividends	—	—	—	(28,831)	(2,099)	(30,931)
Share-based payment transactions	—	—	—	75	—	75
Changes in ownership interest in subsidiaries	—	—	—	5,873	11,576	17,449
Transfer from other components of equity to retained earnings	—	—	498	—	—	—
Transfer to non-financial assets	—	(223)	(223)	(223)	—	(223)
Other	—	—	—	—	230	230
Total transactions with owners	—	(223)	275	(23,118)	9,707	(13,410)
Balance as of June 30, 2019	(16,464)	(2,910)	64,746	1,914,477	76,333	1,990,811

(4) Condensed Quarterly Consolidated Statement of Cash Flow (First Quarter)

	(million yen)	
	First Quarter of Fiscal 2018 (April 1, 2018 – June 30, 2018)	First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)
Cash flows from operating activities		
Profit before tax	80,138	27,514
Depreciation and amortization	47,904	53,636
Changes in allowance	(1,651)	(2,443)
Interest and dividend income	(5,299)	(6,166)
Interest expenses	3,354	3,578
Decrease (increase) in trade and other receivables	94,200	89,310
Decrease (increase) in inventories	(31,549)	(20,651)
Increase (decrease) in trade and other payables	(51,537)	(40,401)
Other	(28,816)	(50,246)
Subtotal	106,744	54,131
Interest and dividends received	7,583	8,663
Interest paid	(3,216)	(3,507)
Income taxes paid	(39,090)	(16,386)
Cash flows from operating activities	72,020	42,900
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(63,775)	(79,916)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	85	268
Purchase of investments	(3,093)	(2,458)
Proceeds from sale of investments	4,846	516
Other	511	5,255
Cash flows from investing activities	(61,425)	(76,335)

	(million yen)	
	First Quarter of Fiscal 2018 (April 1, 2018 – June 30, 2018)	First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	12,273	1,175
Increase (decrease) in commercial papers	8,000	5,999
Proceeds from long-term borrowings	67,434	18,307
Repayments of long-term borrowings	(80,554)	(2,031)
Proceeds from issuance of bonds	20,000	60,000
Payments for purchase of treasury shares	(16)	(11)
Dividends paid to owners of parent	(28,846)	(28,849)
Other	(3,056)	(12,303)
Cash flows from financing activities	(4,766)	42,287
Effect of exchange rate change on cash and cash equivalents	(245)	(1,509)
Net increase (decrease) in cash and cash equivalents	5,583	7,343
Cash and cash equivalents at beginning of period	75,117	82,288
Cash and cash equivalents at end of period	80,700	89,632

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

Notes Pertaining to the Presumption of a Going Concern

There is no item for this period.

Changes in accounting policies

Application of IFRS 16 Leases

Effective from the first quarter of the fiscal year ending March 31, 2020, we have adopted IFRS 16 Leases (issued January 2016).

(i) Leases as a lessee

IFRS 16 introduces a single accounting model for a lessee's leases, rather than classifying them into finance leases and operating leases. In general under IFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. However, we use the exemption for short-term leases and leases of low-value assets; instead of recognizing right-of-use assets and lease liabilities for such leases, it expenses the lease payments on a straight-line basis over the lease term. After recognizing a right-of-use asset and a lease liability, we subsequently recognize depreciation of the right-of-use asset and interest on the lease liability.

In applying IFRS 16, we use the transition method described in paragraph C5(b) of IFRS 16 and thus recognize the cumulative effects of initially applying the standard at the date of initial application (April 1, 2019). We have not restated comparative information for the fiscal first quarter under review.

In applying IFRS 16, we selected the practical expedient detailed in paragraph C3 of IFRS 16 for the purpose of assessing whether a contract is, or contains, a lease and thus continue to use the assessments previously made under IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. For such assessments made on or after the date of initial application, we apply the provisions of IFRS 16.

(ii) Leases as a lessor

Leases entered into as a lessor are classified as either finance leases or operating leases according to the substance of the transaction rather than the form of the contract. Assets held under finance leases are presented as receivables in an amount equal to the net investment in the lease.

In the case of subleases, the intermediate lessor classifies the sublease with reference to the right-of-use asset arising from the head lease.

In the case of operating leases, we record the leased assets on the condensed quarterly consolidated statement of financial position and recognize lease payments as income on a straight-line basis over the lease term.

The adoption of IFRS 16 resulted in a 104,408-million-yen increase in total assets, a 105,711-million-yen increase in total liabilities and a 1,302-million-yen decrease in retained earnings as of the beginning of the fiscal year ending March 31, 2020.

The weighted average of the lessee's incremental borrowing rate applied to lease liabilities at the date of initial application (April 1, 2019) is 0.6%.

The following shows the adjustments between total future minimum lease payments under non-cancellable operating lease agreements as of the end of the fiscal year ended March 31, 2019 disclosed in accordance with IAS 17 and lease liabilities recognized on the condensed quarterly consolidated statement of financial position at the date of initial application.

Future minimum lease payments under non-cancellable operating lease agreements as of March 31, 2019 (after discount at the incremental borrowing rate)	32,974
Finance lease liabilities recognized as of March 31, 2019	51,375
Operating lease agreements, etc. that are not non-cancellable, recognized as of the date of initial application	72,738
Lease liabilities recognized on the condensed quarterly consolidated statement of financial position as of the date of initial application	157,087

We use the following practical expedients in applying IFRS 16.

- We adopt a single discount rate for portfolios of leases that have reasonably similar characteristics
- We exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application
- We use hindsight when, for example, calculating the lease term for contracts that include an extension or cancellation option

With the adoption of IFRS 16, we have renamed “Bonds payable, borrowings, and lease obligations” on the consolidated statement of financial position for the previous fiscal year as “Bonds payable, borrowings, and lease liabilities”.

2. Supplementary Information

(1) Consolidated Results in First Quarter and Earnings Forecasts for Fiscal 2019

(billion yen)											
	FY 2018			FY 2019			Change			FY2019 Forecast	
	1Q ³	1H ³	Full year	1Q	1H	Full year	1Q	1H	Full year	Fully year	
Steel Business	693.0	1,402.5	2,830.6	666.6	1,400.0	2,900.0	(26.4)	(2.5)	69.4		
Engineering Business	92.8	202.1	485.8	113.2	230.0	520.0	20.4	27.9	34.2		
Trading Business	287.2	570.6	1,125.8	286.6	553.0	1,200.0	(0.6)	(17.6)	74.2		
Adjustments	(145.3)	(282.9)	(568.6)	(139.2)	(313.0)	(660.0)	6.1	(30.1)	(91.4)		
Revenue	927.8	1,892.3	3,873.6	927.4	1,870.0	3,960.0	(0.4)	(22.3)	86.4		
Business profit ¹	A	83.3	154.6	232.0	30.7	55.0	140.0	(52.6)	(99.6)	(92.0)	180.0
Finance income / costs	B	(3.2)	(6.2)	(12.5)	(3.2)	(5.0)	(15.0)	0.0	1.2	(2.5)	
Segment Profit											
Steel Business		64.1	117.3	161.3	14.5	26.0	70.0	(49.6)	(91.3)	(91.3)	105.0
Engineering Business		2.0	7.7	20.1	4.9	9.0	23.0	2.9	1.3	2.9	23.0
Trading Business		10.2	19.3	35.7	7.9	15.0	36.0	(2.3)	(4.3)	0.3	36.0
Adjustments		3.7	3.9	2.3	0.0	0.0	(4.0)	(3.7)	(3.9)	(6.3)	1.0
Total	A+B	80.1	148.4	219.5	27.5	50.0	125.0	(52.6)	(98.4)	(94.5)	165.0
Exceptional Items ²		-	-	(10.2)	-	-	-	0.0	0.0	10.2	
Profit before tax		80.1	148.4	209.3	27.5	50.0	125.0	(52.6)	(98.4)	(84.3)	
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests		(23.3)	(39.6)	(45.8)	(7.7)	(15.0)	(35.0)	15.6	24.6	10.8	
Profit Attributable to Owners of Parent		56.7	108.8	163.5	19.7	35.0	90.0	(37.0)	(73.8)	(73.5)	

¹ Business profit: Profit that excludes financial income and exceptional items from profit before tax. It is a benchmark indicator of the company's consolidated earnings.

² Exceptional Items: One-time items of a materially significant value.

³ As of Fiscal 2018, the Company adopted IFRS. Consolidated figures of the First Quarter and the First Half of Fiscal 2018 are therefore also presented on an IFRS basis. Actual results of IFRS for the First Quarter and the First Half of Fiscal 2018 may change depending on the results of future quarterly reviews.

(2) Consolidated Financial Indices

	Fiscal 2018	1H Fiscal 2019	Change
Return on Sales (ROS) ¹	6.0%	2.9%	(3.1%)
Return on Assets (ROA) ²	5.0%	2.3%	(2.7%)
Return on Equity (ROE) ³	8.6%	3.6%	(5.0%)
EBITDA ⁴	428.2 billion yen	166.0 billion yen	-
Interest-bearing debt outstanding	1,523.8 billion yen	1,790.0 billion yen	266.2 billion yen**
Debt / EBITDA multiple ⁵	3.6x	5.4x	-
Equity attributable to owners of parent	1,926.3 billion yen	1,930.0 billion yen	3.7 billion yen
D/E Ratio ⁶	68.2%	81.0%	12.8%

¹ ROS = Business profit / Revenue

² ROA (full year) = Business profit / Total assets, ROA (first half) = Business profit x 2 / Total assets

³ ROE (full year) = Profit attributable to owners of parent / Equity attributable to owners of parent
ROE (first half) = Profit attributable to owners of parent x 2 / Equity attributable to owners of parent

⁴ EBITDA = Business profit + Depreciation and amortization

⁵ Debt / EBITDA multiple (full year) = Interest-bearing debt outstanding / EBITDA

Debt / EBITDA multiple (half year) = Interest-bearing debt outstanding / (EBITDA x 2)

⁶ D/E ratio = 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.

* For debt having a capital component, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
June 30, 2016	200.0 billion yen	25%	50.0 billion yen
March 19, 2018	300.0 billion yen	25%	75.0 billion yen

** Impact of application of IFRS 16 Lease

Amount increased at beginning of FY2019	
Lease liabilities	105.7 billion yen

(3) Crude Steel Production (JFE Steel) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018	Non-consolidated	7.10	6.94	14.04	6.39	5.88	12.27	26.31
	Consolidated	7.51	7.33	14.84	6.79	6.25	13.04	27.88
FY 2019	Non-consolidated	7.00	7.00*	14.00*			14.00*	28.00*
	Consolidated	7.36	7.30*	14.70*				

*estimate

(4) Shipments (JFE Steel on non-consolidated basis) (million tons)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		6.13	5.93	12.06	6.24	5.48	11.72	23.78
FY 2019		5.85	6.40*	12.20*				

*estimate

(5) Export Ratio on Value Basis (JFE Steel on non-consolidated basis) (%)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		42.4	44.2	43.3	43.5	36.0	40.1	41.7
FY 2019		39.9	42*	41*				

*estimate

(6) Foreign Exchange Rate (Yen/US dollar) (JPY/USD)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		108.1	110.9	109.5	113.4	110.3	111.9	110.7
FY 2019		110.7	108*	109*			108*	

*estimate

(7) Average Selling Price (JFE Steel on non-consolidated basis) (thousand yen/ton)

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2018		79.3	81.9	80.6	82.9	82.0	82.5	81.5
FY 2019		80.4	80*	80*				

*estimate

(8) Engineering Business Orders (including intersegment transactions, IFRS basis)

Field				(billion yen)	
	1H FY2018	1H FY2019	Change	FY2019 Forecast	
Environment	125.0	90.0*	(35.0)	190.0*	
Energy	69.0	50.0*	(19.0)	110.0*	
Infrastructure, others	77.7	40.0*	(37.7)	150.0*	
Total	271.8	180.0*	(91.8)	450.0*	

*estimate

(9) Breakdown of Changes in Segment Profit (IFRS)

a. First quarter of FY 2019, compared to same period of FY 2018

	(billion yen) <u>Change</u>
Steel Business	
- Cost	6.0
- Sales volume and mix	(6.0)
- Sales prices and raw materials	(15.0)
- Unrealized gains (losses) on inventories	(17.0)
- Others	(17.6)
- Total	<u>(49.6)</u>
Engineering Business, Trading Business, Adjustment	(3.0)

b. FY 2019 (forecast), compared to FY 2018

	(billion yen) <u>Change</u>	
Steel Business		
- Cost	60.0	Cost reductions +38.0, No one-off effects +22.0 in FY 2018
- Sales volume and mix	30.0	
- Sales prices and raw materials	(93.0)	
- Unrealized gains (losses) on inventories	(32.0)	
- Materials prices etc.	(15.0)	Increased costs of materials, distribution, subcontracting, etc.
- Others	(41.3)	Increased depreciation costs related to infrastructure maintenance, group companies, etc.
- Total	<u>(91.3)</u>	
Engineering Business, Trading Business, Adjustment	(3.1)	

c. FY 2019 (forecast), compared to previous forecast

	(billion yen) <u>Change</u>	
Steel Business		
- Sales volume and mix	(20.0)	
- Sales prices and raw materials	(18.0)	Rise in iron ore market, slump in overseas market
- Unrealized gains (losses) on inventories	8.0	
- Others	(5.0)	
- Total	<u>(35.0)</u>	
Engineering Business, Trading Business, Adjustment	(5.0)	

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