

JFE Holdings' Financial Results through Third 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)

February 12, 2020

Official name: Listings: Code: English URL: Representative: Contact: Phone: Scheduled date to submit Quarterly Securities Report: Scheduled date to start paying dividends: 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 February 13, 2020 - Yes Yes
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(Figures are rounded down to the nearest million yen.)

1. Consolidated Results through Third Quarter of Fiscal 2019 (April 1 to December 31, 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)	%
3Q FY 2019	2,791,524	(3.4)	52,022	(76.4)	42,600	(79.2)	30,632	(81.0)	26,922	(82.8)	29,881	(74.7)
3Q FY 2018	2,890,574	-	220,256	-	204,806	-	161,503	-	156,386	-	118,064	-

	Basic earnings per share (yen)	Diluted earnings per share (yen)
End 3Q FY 2019	46.75	46.74
End 3Q FY 2018	271.41	271.39

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 3Q FY 2019	4,931,949	1,994,825	1,916,568	38.9
End FY 2018	4,709,201	1,991,759	1,926,337	40.9

2. Dividends

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

*estimate

Note: Revisions to dividend forecast announced most recently: Yes

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)
FY 2019	3,720,000	(4.0)	45,000	(80.6)	32,000	(84.7)	13,000	(92.0)	22.58

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 December 31, 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 December 31, 2019: 38,586,544 shares
 - As of March 31, 2019: 38,590,471 shares
 - 3) Average number of shares during the term
 - 3Q FY 2019: 575,858,406 shares
 - 3Q FY 2018: 576,196,515 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 First Half and Second 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

	(million yen)	
	As of	As of
	March 31, 2019	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	82,288	86,277
Trade and other receivables	754,679	668,335
Contract assets	124,039	191,411
Inventories	917,812	915,526
Income taxes receivable	19,076	25,087
Other financial assets	4,471	5,010
<u>Other current assets</u>	<u>86,290</u>	<u>129,124</u>
Total current assets	1,988,658	2,020,774
Non-current assets:		
Property, plant and equipment:	1,835,229	1,881,688
Goodwill	4,445	8,020
Intangible assets	82,567	88,516
Right-of-use assets	-	104,160
Investment property	59,425	58,753
Investments accounted for using equity method	315,064	320,865
Retirement benefit asset	16,380	17,244
Deferred tax assets	36,609	24,804
Other financial assets	360,133	391,498
<u>Other non-current assets</u>	<u>10,686</u>	<u>15,622</u>
Total non-current assets	2,720,543	2,911,175
Total assets	4,709,201	4,931,949

	(million yen)	
	As of	As of
	March 31, 2019	December 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	584,939	554,866
Bonds payable, borrowings, and lease liabilities	329,400	418,494
Contract liabilities	59,060	67,324
Income taxes payable, etc.	16,399	5,806
Provisions	14,336	10,561
Other financial liabilities	99,097	90,994
Other current liabilities	222,705	167,985
Total current liabilities	1,325,938	1,316,032
Non-current liabilities		
Bonds payable, borrowings, and lease liabilities	1,194,478	1,424,353
Retirement benefit liability	133,999	134,872
Provisions	30,438	26,287
Deferred tax liabilities	3,550	9,195
Other financial liabilities	17,140	15,485
Other non-current liabilities	11,895	10,895
Total non-current liabilities	1,391,503	1,621,090
Total liabilities	2,717,442	2,937,123
Equity		
Share capital	147,143	147,143
Capital surplus	646,793	652,534
Retained earnings	1,241,420	1,229,966
Treasury shares	(180,670)	(180,624)
Other components of equity	71,650	67,547
Equity attributable to owners of parent	1,926,337	1,916,568
Non-controlling interests	65,422	78,257
Total equity	1,991,759	1,994,825
Total liabilities and equity	4,709,201	4,931,949

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

Condensed Quarterly Consolidated Statements of Income (First Three Quarters)

	Through Third Quarter of 2018 (April 1, 2018 – December 31, 2018)	(million yen) Through Third Quarter of 2019 (April 1, 2019 – December 31, 2019)
Revenue	2,890,574	2,791,524
Cost of sales	<u>(2,458,054)</u>	<u>(2,494,074)</u>
Gross profit	432,519	297,449
Selling, general and administrative expenses	(255,948)	(260,797)
Share of profit of entities accounted for using equity method	38,213	11,678
Other income	24,064	25,049
Other expenses	<u>(18,592)</u>	<u>(21,357)</u>
Business profit	<u>220,256</u>	<u>52,022</u>
Impairment loss	<u>(5,856)</u>	<u>—</u>
Operating profit	214,400	52,022
Finance income	1,327	1,984
Finance costs	<u>(10,920)</u>	<u>(11,405)</u>
Profit before tax	204,806	42,600
Income tax expense	<u>(43,303)</u>	<u>(11,968)</u>
Profit	161,503	30,632
Profit attributable to		
Owners of parent	156,386	26,922
Non-controlling interests	<u>5,116</u>	<u>3,710</u>
Profit	161,503	30,632
Earnings per share		
Basic earnings per share (yen)	271.41	46.75
Diluted earnings per share (yen)	271.39	46.74

Condensed Quarterly Consolidated Statements of Income (Third Quarter)

	Third Quarter of Fiscal 2018 (October 1, 2018 – December 31, 2018)	(million yen) Third Quarter of Fiscal 2019 (October 1, 2019 – December 31, 2019)
Revenue	998,208	920,231
Cost of sales	<u>(854,082)</u>	<u>(832,876)</u>
Gross profit	144,125	87,355
Selling, general and administrative expenses	(88,156)	(86,136)
Share of profit of entities accounted for using equity method (loss)	9,538	(158)
Other income	6,214	7,044
Other expenses	<u>(6,154)</u>	<u>(5,145)</u>
Business profit	<u>65,567</u>	<u>2,958</u>
Impairment loss	<u>(5,856)</u>	—
Operating profit	59,710	2,958
Finance income	375	555
Finance costs	<u>(3,689)</u>	<u>(3,695)</u>
Profit (loss) before tax	56,395	(181)
Income tax expense	<u>(6,497)</u>	<u>(3,367)</u>
Profit (loss)	49,898	(3,549)
Profit (loss) attributable to		
Owners of parent	47,551	(5,012)
Non-controlling interests	<u>2,347</u>	<u>1,462</u>
Profit	49,898	(3,549)
Earnings per share		
Basic earnings (loss) per share (yen)	82.57	(8.70)
Diluted earnings (loss) per share (yen)	82.56	(8.70)

Condensed Quarterly Consolidated Statements of Comprehensive Income (First Three Quarters)

	Through Third Quarter of 2018 (April 1, 2018 – December 31, 2018)	(million yen) Through Third Quarter of 2019 (April 1, 2019 – December 31, 2019)
Profit	161,503	30,632
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(3,610)	3,269
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(25,787)	3,829
Share of other comprehensive income of investments accounted for using equity method	(73)	216
Total of items that will not be reclassified to profit or loss	(29,472)	7,315
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(2,840)	(3,259)
Effective portion of cash flow hedges	(596)	1,327
Share of other comprehensive income of investments accounted for using equity method	(10,530)	(6,134)
Total of items that may be reclassified to profit or loss	(13,966)	(8,066)
Total other comprehensive income	43,438	(750)
Comprehensive income	118,064	29,881
Comprehensive income attributable to		
Owners of parent	113,526	26,587
Non-controlling interests	4,537	3,294
Comprehensive income	118,064	29,881

Condensed Quarterly Consolidated Statements of Comprehensive Income (Third Quarter)

	Third Quarter of Fiscal 2018 (October 1, 2018 – December 31, 2018)	(million yen) Third Quarter of Fiscal 2019 (October 1, 2019 – December 31, 2019)
<u>Profit (loss)</u>	49,898	(3,549)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(6,328)	2,884
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(33,252)	11,865
Share of other comprehensive income of investments accounted for using equity method	(849)	127
Total of items that will not be reclassified to profit or loss	(40,430)	14,877
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(401)	(443)
Effective portion of cash flow hedges	(2,076)	1,134
Share of other comprehensive income of investments accounted for using equity method	(3,732)	(668)
Total of items that may be reclassified to profit or loss	(6,210)	23
Total other comprehensive income	(46,641)	14,900
Comprehensive income	<u>3,257</u>	<u>11,351</u>
Comprehensive income attributable to		
Owners of parent	1,256	10,069
Non-controlling interests	2,000	1,281
Comprehensive income	<u>3,257</u>	<u>11,351</u>

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
 First Three Quarters of Fiscal 2018 (April 1, 2018 – December 31, 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	–	–	156,386	–	–	–
Other comprehensive income	–	–	–	–	(3,262)	(25,928)
Comprehensive income	–	–	156,386	–	(3,262)	(25,928)
Purchase of treasury shares	–	–	–	(1,595)	–	–
Disposal of treasury shares	–	(8)	–	13	–	–
Dividends	–	–	(54,784)	–	–	–
Share-based payment transactions	–	148	–	–	–	–
Changes in ownership interest in subsidiaries	–	8	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	3,567	–	3,262	304
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	148	(58,351)	(1,581)	3,262	304
Balance as of December 31, 2018	147,143	646,783	1,236,127	(180,651)	–	87,450

	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	–	–	–	156,386	5,116	161,503
Other comprehensive income	(12,838)	(830)	(42,859)	(42,859)	(579)	(43,438)
Comprehensive income	(12,838)	(830)	(42,859)	113,526	4,537	118,064
Purchase of treasury shares	–	–	–	(1,595)	–	(1,595)
Disposal of treasury shares	–	–	–	5	–	5
Dividends	–	–	–	(54,784)	(1,861)	(56,646)
Share-based payment transactions	–	–	–	148	–	148
Changes in ownership interest in subsidiaries	–	–	–	8	(8)	–
Transfer from other components of equity to retained earnings	–	–	3,567	–	–	–
Transfer to non-financial assets	–	(1,266)	(1,266)	(1,266)	–	(1,266)
Other	–	–	–	–	2,594	2,594
Total transactions with owners	–	(1,266)	2,300	(57,483)	724	(56,759)
Balance as of December 31, 2018	(14,644)	(3,457)	69,348	1,918,750	64,618	1,983,369

First Three Quarters of Fiscal 2019 (April 1, 2019 – December 31, 2019)

(million yen)

	Equity attributable to owners of parent				Other components of equity	
	Share capital	Capital surplus	Retained earnings	Treasury shares	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	646,793	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	—	—	26,922	—	—	—
Other comprehensive income	—	—	—	—	3,141	3,946
Comprehensive income	—	—	26,922	—	3,141	3,946
Purchase of treasury shares	—	—	—	(51)	—	—
Disposal of treasury shares	—	(6)	—	9	—	—
Dividends	—	—	(40,363)	—	—	—
Share-based payment transactions	—	(36)	—	88	—	—
Changes in ownership interest in subsidiaries	—	5,784	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	3,290	—	(3,141)	(149)
Transfer to non-financial assets	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total transactions with owners	—	5,740	(37,073)	46	(3,141)	(149)
Balance as of December 31, 2019	147,143	652,534	1,229,966	(180,624)	—	94,528

	Equity attributable to owners of parent			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	—	—	—	26,922	3,710	30,632
Other comprehensive income	(9,141)	1,718	(335)	(335)	(415)	(750)
Comprehensive income	(9,141)	1,718	(335)	26,587	3,294	29,881
Purchase of treasury shares	—	—	—	(51)	—	(51)
Disposal of treasury shares	—	—	—	3	—	3
Dividends	—	—	—	(40,363)	(2,556)	(42,920)
Share-based payment transactions	—	—	—	51	—	51
Changes in ownership interest in subsidiaries	—	—	—	5,784	12,009	17,793
Transfer from other components of equity to retained earnings	—	—	(3,290)	—	—	—
Transfer to non-financial assets	—	(476)	(476)	(476)	—	(476)
Other	—	—	—	—	88	88
Total transactions with owners	—	(476)	(3,767)	(35,053)	9,541	(25,511)
Balance as of December 31, 2019	(25,689)	(1,291)	67,547	1,916,568	78,257	1,994,825

(4) Condensed Quarterly Consolidated Statement of Cash Flow (First Three Quarters)

	(million yen)	
	Through Third Quarter of Fiscal 2018 (April 1, 2018 – December 31, 2018)	Through Third Quarter of Fiscal 2019 (April 1, 2019 – December 31, 2019)
Cash flows from operating activities		
Profit before tax	204,806	42,600
Depreciation and amortization	146,007	167,166
Changes in allowance	(126)	(7,937)
Interest and dividend income	(9,580)	(10,878)
Interest expenses	10,233	10,804
Decrease (increase) in trade and other receivables	69,208	90,947
Decrease (increase) in inventories	(56,283)	(856)
Increase (decrease) in trade and other payables	356	(30,964)
Other	(133,578)	(151,125)
Subtotal	231,044	109,757
Interest and dividends received	17,124	21,915
Interest paid	(9,588)	(9,969)
Income taxes paid	(57,923)	(12,692)
Cash flows from operating activities	180,657	109,011
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(214,067)	(243,407)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	104	2,617
Purchase of investments	(8,012)	(7,891)
Proceeds from sale of investments	5,995	740
Other	61	3,181
Cash flows from investing activities	(215,918)	(244,758)

	(million yen)	
	Through Third Quarter of Fiscal 2018 (April 1, 2018 – December 31, 2018)	Through Third Quarter of Fiscal 2019 (April 1, 2019 – December 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	22,356	(7,687)
Increase (decrease) in commercial papers	64,999	47,999
Proceeds from long-term borrowings	187,886	142,449
Repayments of long-term borrowings	(173,641)	(82,549)
Proceeds from issuance of bonds	30,000	120,000
Redemption of bonds	(15,000)	-
Payments for purchase of treasury shares	(1,595)	(51)
Dividends paid to owners of parent	(54,724)	(40,363)
Other	(13,127)	(38,318)
Cash flows from financing activities	47,154	141,478
Effect of exchange rate change on cash and cash equivalents	497	(1,741)
Net increase (decrease) in cash and cash equivalents	12,390	3,989
Cash and cash equivalents at beginning of period	75,117	82,288
Cash and cash equivalents at end of period	87,508	86,277

(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 third 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 Three Quarters and Earnings Forecasts for Fiscal 2019

(billion yen)

	FY 2018		FY 2019		Change		FY2019 Forecast (November 12) Fully year	
	First Three Quarters ³	Full year	First Three Quarters	Full year	First Three Quarters	Full year		
Steel Business	2,148.5	2,830.6	2,005.8	2,700.0	(142.7)	(130.6)	2,690.0	
Engineering Business	328.0	485.8	364.7	520.0	36.7	34.2	520.0	
Trading Business	856.9	1,125.8	829.3	1,090.0	(27.6)	(35.8)	1,120.0	
Adjustments	(443.0)	(568.6)	(408.4)	(590.0)	34.6	(21.4)	(600.0)	
Revenue	2,890.5	3,873.6	2,791.5	3,720.0	(99.0)	(153.6)	3,730.0	
Business profit ¹	A	220.2	232.0	52.0	45.0	(168.2)	(187.0)	60.0
Finance income / costs	B	(9.5)	(12.5)	(9.4)	(13.0)	0.1	(0.5)	(13.0)
Segment Profit								
Steel Business		163.2	161.3	11.3	0.0	(151.9)	(161.3)	0.0
Engineering Business		13.1	20.1	19.5	23.0	6.4	2.9	23.0
Trading Business		29.1	35.7	21.2	29.0	(7.9)	(6.7)	32.0
Adjustments		5.0	2.3	(9.6)	(20.0)	(14.6)	(22.3)	(8.0)
Total	A+B	210.6	219.5	42.6	32.0	(168.0)	(187.5)	47.0
Exceptional Items ²		(5.8)	(10.2)	-	-	5.8	10.2	-
Profit before tax		204.8	209.3	42.6	32.0	(162.2)	(177.3)	47.0
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests		(48.4)	(45.8)	(15.6)	(19.0)	32.8	26.8	(14.0)
Profit Attributable to Owners of Parent		156.3	163.5	26.9	13.0	(129.4)	(150.5)	33.0

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 for the First Three Quarters of Fiscal 2018 are therefore also presented on an IFRS basis. Actual results of IFRS for the First Three Quarters of Fiscal 2018 may change depending on the results of future quarterly reviews.

(2) Consolidated Financial Indices

	Fiscal 2018	Fiscal 2019	Change
Return on Sales (ROS) ¹	6.0%	1.2%	(4.8%)
Return on Assets (ROA) ²	5.0%	0.9%	(4.1%)
Return on Equity (ROE) ³	8.6%	0.7%	(7.9%)
EBITDA ⁴	428.2 billion yen	275.0 billion yen	(153.2 billion yen)
Interest-bearing debt outstanding	1,523.8 billion yen	1,820.0 billion yen	296.2 billion yen**
Debt / EBITDA multiple ⁵	3.6x	6.6x	3.0x
Equity attributable to owners of parent	1,926.3 billion yen	1,910.0 billion yen	(16.3 billion yen)
D/E Ratio ⁶	68.2%	83.3%	15.1%

¹ ROS = Business profit / Revenue

² ROA = Business profit / Total assets

³ ROE = Profit attributable to owners of parent / Equity attributable to owners of parent

⁴ EBITDA = Business profit + Depreciation and amortization

⁵ Debt / EBITDA multiple = Interest-bearing debt outstanding / EBITDA

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	6.79	13.79	6.24	27.00*		
	Consolidated	7.36	7.13	14.50	6.59	28.40*		

*full year 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	5.94	11.80	55.9	23.80*		

*full year 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	42.1	41.0	39.7	44*	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	107.6	109.2	108.8	109*	109*	109*

*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	79.4	79.9	79.6	76*	78*	79*

*estimate

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

(billion yen)

Field	FY2018	FY2019	Change
Environment	212.6	200.0*	(12.6)
Energy	132.8	110.0*	(22.8)
Infrastructure, others	137.4	140.0*	2.6
Total	482.8	450.0*	(32.8)

*estimate

(9) Capital Investment and Depreciation and Amortization (JFE Holdings)

(billion yen)

	FY 2018	FY2019
Capital Investment	329.5	400.0*
Depreciation & Amortization	196.2	230.0*

(on construction basis)

*estimate

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

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

(billion yen)

Change

Steel Business

- Cost	23.0	Cost reductions +12.0, No one-off effects +11.0 in FY 2018
- Sales volume and mix	(12.0)	
- Sales prices and raw materials	(73.0)	
- Unrealized gains (losses) on inventories	(48.0)	
- Others	(41.9)	Increased costs of materials, group companies, etc.
- Total	<u>(151.9)</u>	

Engineering Business, Trading Business, Adjustment (16.1)

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

(billion yen)

Change

Steel Business

- Cost	45.0	Cost reductions +23.0, No one-off effects +22.0 in FY 2018
- Sales volume and mix	0.0	
- Sales prices and raw materials	(86.0)	
- Unrealized gains (losses) on inventories	(68.0)	
- Materials prices etc.	(15.0)	Increased costs of materials, distribution, subcontracting, etc.
- Others	(37.3)	Increased depreciation costs related to infrastructure maintenance, group companies, etc.
- Total	<u>(161.3)</u>	

Engineering Business, Trading Business, Adjustment (26.2)

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

(billion yen)

Change

Steel Business

- Cost	(5.0)
- Sales volume and mix	0.0
- Sales prices and raw materials	10.0
- Unrealized gains (losses) on inventories	(6.0)
- Others	1.0
- Total	<u>0.0</u>

Engineering Business, Trading Business, Adjustment (15.0)

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