

JFE Holdings' Financial Results for First Quarter of Fiscal Year 2020 Ending March 31, 2021

— 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 12, 2020

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, 2020 Yes Yes
--	--

(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Quarter of Fiscal 2020 (April 1 to June 30, 2020)

(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 2020	743,900	(19.8)	(47,223)	-	(50,440)	-	(38,742)	-	(39,197)	-	(27,293)	-
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)

	Basic earnings per share (yen)	Diluted earnings per share (yen)
1Q FY 2020	(68.07)	(68.07)
1Q FY 2019	34.28	34.27

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 2020	4,539,658	1,677,788	1,599,455	35.2
End FY 2019	4,646,120	1,706,552	1,627,026	35.0

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2019	20.00	20.00	0.00
FY 2020 (forecast)	-	0.00	-

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 2020 (April 1, 2020 to March 31, 2021)

	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 2020	1,460,000	(22.0)	(125,000)	-	(132,000)	-	(110,000)	-	(191.03)
FY 2020	3,170,000	(15.0)	(100,000)	-	(115,000)	-	(100,000)	-	(173.66)

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: No
 - 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, 2020: 614,438,399 shares
 - As of March 31, 2020: 614,438,399 shares
 - 2) Treasury stock at the end of the term
 - As of June 30, 2020: 38,603,066 shares
 - As of March 31, 2020: 38,601,655 shares
 - 3) Average number of shares during the term
 - 1Q FY 2020: 575,836,142 shares
 - 1Q FY 2019: 575,844,389 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. 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.

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

Attachments

1. Condensed Quarterly Consolidated Financial Statements and Notes	2
(1) Condensed Quarterly Consolidated Statement of Financial Position	2
(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income (First Quarter)	4
(3) Condensed Quarterly Consolidated Statement of Changes in Equity (First Quarter)	6
(4) Condensed Quarterly Consolidated Statement of Cash Flow (First Quarter)	8
(5) Notes to Condensed Quarterly Consolidated Financial Statements	10
Notes Pertaining to the Presumption of a Going Concern	10
2. Supplementary Information	11

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

	As of March 31, 2020	(million yen) As of June 30, 2020
Assets		
Current assets:		
Cash and cash equivalents	86,704	93,649
Trade and other receivables	678,098	571,299
Contract assets	142,075	144,690
Inventories	872,602	825,526
Income taxes receivable	20,946	27,340
Other financial assets	6,307	7,246
<u>Other current assets</u>	<u>108,410</u>	<u>103,238</u>
Total current assets	1,915,146	1,772,991
Non-current assets:		
Property, plant and equipment:	1,717,751	1,742,651
Goodwill	6,497	6,522
Intangible assets	88,802	90,746
Right-of-use assets	102,322	100,672
Investment property	58,158	57,964
Investments accounted for using equity method	336,040	331,354
Retirement benefit asset	15,520	17,133
Deferred tax assets	94,930	103,406
Other financial assets	296,004	300,825
<u>Other non-current assets</u>	<u>14,946</u>	<u>15,390</u>
Total non-current assets	2,730,974	2,766,666
Total assets	4,646,120	4,539,658

	As of March 31, 2020	(million yen) As of June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities:		
Trade and other payables	557,252	476,956
Bonds payable, borrowings, and lease liabilities	376,473	309,697
Contract liabilities	44,813	58,219
Income taxes payable, etc.	13,249	3,845
Provisions	12,507	12,148
Other financial liabilities	89,465	57,252
Other current liabilities	210,543	173,309
Total current liabilities	1,304,306	1,091,430
Non-current liabilities		
Bonds payable, borrowings, and lease liabilities	1,437,835	1,575,180
Retirement benefit liability	143,316	141,700
Provisions	25,740	24,895
Deferred tax liabilities	3,723	4,109
Other financial liabilities	16,246	16,457
Other non-current liabilities	8,398	8,095
Total non-current liabilities	1,635,261	1,770,439
Total liabilities	2,939,568	2,861,870
Equity		
Share capital	147,143	147,143
Capital surplus	652,430	652,424
Retained earnings	1,002,076	971,880
Treasury shares	(180,637)	(180,627)
Other components of equity	6,012	8,635
Equity attributable to owners of parent	1,627,026	1,599,455
Non-controlling interests	79,526	78,333
Total equity	1,706,552	1,677,788
Total liabilities and equity	4,646,120	4,539,658

(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 2019 (April 1, 2019 – June 30, 2019)	(million yen) First Quarter of Fiscal 2020 (April 1, 2020 – June 30, 2020)
Revenue	927,409	743,900
Cost of sales	<u>(820,106)</u>	<u>(713,625)</u>
Gross profit	107,303	30,274
Selling, general and administrative expenses	(86,519)	(75,304)
Share of profit of entities accounted for using equity method	6,603	3,614
Other income	11,260	7,533
Other expenses	<u>(7,866)</u>	<u>(13,341)</u>
Business profit (loss)	30,781	(47,223)
Operating profit (loss)	<u>30,781</u>	<u>(47,223)</u>
Finance income	614	438
Finance costs	<u>(3,881)</u>	<u>(3,655)</u>
Profit (loss) before tax	27,514	(50,440)
Income tax expense	<u>(6,811)</u>	<u>11,697</u>
Profit (loss)	20,702	(38,742)
Profit attributable to		
Owners of parent	19,740	(39,197)
Non-controlling interests	961	454
Profit (loss)	<u>20,702</u>	<u>(38,742)</u>
Earnings per share		
Basic earnings (loss) per share (yen)	34.28	(68.07)
Diluted earnings (loss) per share (yen)	34.27	(68.07)

Condensed Quarterly Consolidated Statements of Comprehensive Income (First Quarter)

	First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)	(million yen) First Quarter of Fiscal 2020 (April 1, 2020 – June 30, 2020)
<u>Profit (loss)</u>	<u>20,702</u>	<u>(38,742)</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(579)	3,842
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(6,706)	14,324
Share of other comprehensive income of investments accounted for using equity method	<u>210</u>	<u>955</u>
Total of items that will not be reclassified to profit or loss	(7,076)	19,122
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	528	(4,081)
Effective portion of cash flow hedges	(274)	1,632
Share of other comprehensive income of investments accounted for using equity method	<u>(114)</u>	<u>(5,223)</u>
Total of items that may be reclassified to profit or loss	139	(7,673)
Total other comprehensive income	<u>(6,936)</u>	<u>11,449</u>
Comprehensive income	<u><u>13,765</u></u>	<u><u>(27,293)</u></u>
Comprehensive income attributable to		
Owners of parent	12,561	(27,567)
Non-controlling interests	<u>1,204</u>	<u>274</u>
Comprehensive income	<u><u>13,765</u></u>	<u><u>(27,293)</u></u>

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

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	646,793	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 (loss)	–	–	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						Non-controlling interests	Total equity
	Other components of equity			Total	Total	Total		
	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 (loss)	–	–	–	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		

First Quarter of Fiscal 2020 (April 1, 2020 – June 30, 2020)

(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, 2020	147,143	652,430	1,002,076	(180,637)	–	39,768
Profit (loss)	–	–	(39,197)	–	–	–
Other comprehensive income	–	–	–	–	3,553	15,418
Comprehensive income	–	–	(39,197)	–	3,553	15,418
Purchase of treasury shares	–	–	–	(3)	–	–
Disposal of treasury shares	–	(10)	–	12	–	–
Dividends	–	–	–	–	–	–
Share-based payment transactions	–	5	–	–	–	–
Changes in ownership interest in subsidiaries	–	(1)	–	–	–	–
Transfer from other components of equity to retained earnings	–	–	9,000	–	(3,553)	(5,447)
Transfer to non-financial assets	–	–	–	–	–	–
Other	–	–	–	–	–	–
Total transactions with owners	–	(6)	9,000	9	(3,553)	(5,447)
Balance as of June 30, 2020	147,143	652,424	971,880	(180,627)	–	49,740

	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, 2020	(31,941)	(1,813)	6,012	1,627,026	79,526	1,706,552
Profit (loss)	–	–	–	(39,197)	454	(38,742)
Other comprehensive income	(7,971)	629	11,629	11,629	(180)	11,449
Comprehensive income	(7,971)	629	11,629	(27,567)	274	(27,293)
Purchase of treasury shares	–	–	–	(3)	–	(3)
Disposal of treasury shares	–	–	–	1	–	1
Dividends	–	–	–	–	(1,365)	(1,365)
Share-based payment transactions	–	–	–	5	–	5
Changes in ownership interest in subsidiaries	–	–	–	(1)	4	2
Transfer from other components of equity to retained earnings	–	–	(9,000)	–	–	–
Transfer to non-financial assets	–	(6)	(6)	(6)	–	(6)
Other	–	–	–	–	(106)	(106)
Total transactions with owners	–	(6)	(9,006)	(2)	(1,467)	(1,470)
Balance as of June 30, 2020	(39,913)	(1,190)	8,635	1,599,455	78,333	1,677,788

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

(million yen)

	First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)	First Quarter of Fiscal 2020 (April 1, 2020 – June 30, 2020)
Cash flows from operating activities		
Profit (loss) before tax	27,514	(50,440)
Depreciation and amortization	53,636	54,375
Changes in allowance	(2,443)	(1,136)
Interest and dividend income	(6,166)	(3,179)
Interest expenses	3,578	3,514
Decrease (increase) in trade and other receivables	89,310	105,560
Decrease (increase) in inventories	(20,651)	45,434
Increase (decrease) in trade and other payables	(40,401)	(66,182)
Other	(50,246)	(52,965)
Subtotal	54,131	34,980
Interest and dividends received	8,663	5,921
Interest paid	(3,507)	(3,299)
Income taxes paid	(16,386)	(16,643)
Cash flows from operating activities	42,900	20,959
Cash flows from investing activities		
Purchase of property, plant and equipment, intangible assets, and investment property	(79,916)	(90,504)
Proceeds from sale of property, plant and equipment, intangible assets, and investment property	268	201
Purchase of investments	(2,458)	(1,352)
Proceeds from sale of investments	516	15,587
Other	5,255	417
Cash flows from investing activities	(76,335)	(75,651)

	(million yen)	
	First Quarter of Fiscal 2019 (April 1, 2019 – June 30, 2019)	First Quarter of Fiscal 2020 (April 1, 2020 – June 30, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,175	25,230
Increase (decrease) in commercial papers	5,999	(81,999)
Proceeds from long-term borrowings	18,307	181,850
Repayments of long-term borrowings	(2,031)	(50,720)
Proceeds from issuance of bonds	60,000	–
Payments for purchase of treasury shares	(11)	(3)
Dividends paid to owners of parent	(28,849)	–
Other	(12,303)	(12,440)
Cash flows from financing activities	42,287	61,916
Effect of exchange rate change on cash and cash equivalents	(1,509)	(279)
Net increase (decrease) in cash and cash equivalents	7,343	6,944
Cash and cash equivalents at beginning of period	82,288	86,704
Cash and cash equivalents at end of period	89,632	93,649

(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

2. Supplementary Information

(1) Consolidated Results in First Quarter and Earnings Forecasts for Fiscal 2020

(billion yen)

	FY 2019			FY 2020			Change			
	1Q	1H	Full year	1Q	1H	Full year	1Q	1H	Full year	
Steel Business	666.6	1,353.1	2,681.3	508.7	1,010.0	2,240.0	(157.9)	(343.1)	(441.3)	
Engineering Business	113.2	238.9	512.2	105.0	215.0	490.0	(8.2)	(23.9)	(22.2)	
Trading Business	286.6	557.5	1,084.1	238.0	430.0	900.0	(48.6)	(127.5)	(184.1)	
Adjustments	(139.2)	(278.3)	(548.0)	(107.9)	(195.0)	(460.0)	31.3	83.3	88.0	
Revenue	927.4	1,871.2	3,729.7	743.9	1,460.0	3,170.0	(183.5)	(411.2)	(559.7)	
Business profit ¹	A	30.7	49.0	37.8	(47.2)	(125.0)	(100.0)	(77.9)	(174.0)	(137.8)
Finance income / costs	B	(3.2)	(6.3)	(12.5)	(3.2)	(7.0)	(15.0)	0.0	(0.7)	(2.5)
Segment Profit										
Steel Business		14.5	17.7	(8.7)	(57.8)	(145.0)	(145.0)	(72.3)	(162.7)	(136.3)
Engineering Business		4.9	11.9	23.1	1.5	6.0	21.0	(3.4)	(5.9)	(2.1)
Trading Business		7.9	14.6	27.0	4.4	5.5	12.0	(3.5)	(9.1)	(15.0)
Adjustments		0	(1.5)	(15.9)	1.3	1.5	(3.0)	1.3	3.0	12.9
Total	A+B	27.5	42.7	25.3	(50.4)	(132.0)	(115.0)	(77.9)	(174.7)	(140.3)
Exceptional Items ²		-	-	(238.8)	-	-	-	0.0	0.0	238.8
Profit before tax		27.5	42.7	(213.4)	(50.4)	(132.0)	(115.0)	(77.9)	(174.7)	98.4
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests		(7.7)	(10.8)	15.7	11.2	22.0	15.0	18.9	32.8	(0.7)
Profit Attributable to Owners of Parent		19.7	31.9	(197.7)	(39.1)	(110.0)	(100.0)	(58.8)	(141.9)	97.7

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.

(2) Consolidated Financial Indices

	Fiscal 2019	1H Fiscal 2020	Change
Return on Sales (ROS) ¹	1.0%	(8.6%)	(9.6%)
Return on Assets (ROA) ²	0.8%	(5.4%)	(6.2%)
Return on Equity (ROE) ³	(11.1%)	(13.9%)	(2.8%)
EBITDA ⁴	269.4 billion yen	(10.0 billion yen)	-
Interest-bearing debt outstanding	1,814.3 billion yen	1,950.0 billion yen	135.7 billion yen**
Debt / EBITDA multiple ⁵	6.7x	-	-
Equity attributable to owners of parent	1,627.0 billion yen	1,530.0 billion yen	(97.0 billion yen)
D/E Ratio ⁶	96.4%	110.3%	13.9%

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

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019	Non-consolidated	7.00	6.79	13.79	6.24	6.70	12.94	26.73
	Consolidated	7.36	7.13	14.50	6.59	7.00	13.59	28.09
FY 2020	Non-consolidated	4.79	5.20*	10.00*			12.00*	22.00*
	Consolidated	5.09	5.50*	10.60*				

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		5.85	5.94	11.80	5.59	6.09	11.68	23.47
FY 2020		4.59	4.60*	9.20*				

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		39.9	42.1	41.0	39.7	44.4	42.1	41.5
FY 2020		44.2	42*	43*				

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		110.7	107.6	109.2	108.8	109.4	109.1	109.1
FY 2020		107.7	108*	108*			108*	

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2019		80.4	79.4	79.9	79.6	76.1	77.8	78.8
FY 2020		75.3	71*	73*				

*estimate

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

Field				(billion yen)	
	1H FY2019	1H FY2020	Change	FY2020 Forecast	
Environment	114.7	180.0*	65.3	260.0*	
Energy	41.3	70.0*	28.7	120.0*	
Infrastructure, others	33.5	70.0*	36.5	120.0*	
Total	189.5	320.0*	130.5	500.0*	

*estimate

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

a. First quarter of FY 2020, compared to same period of FY 2019

	<u>Change</u> (billion yen)	
Steel Business		
- Costs	13.0	Reduced fixed costs, mainly for repairs and labor, and realization of investment effects
- Sales volume and mix	(49.0)	Decreased volume due to lower demand
- Sales prices and raw materials	1.0	Lower sales prices, mainly for exports, but slightly improved spreads due to lower coking coal prices.
- Unrealized gains (losses) on inventories	(15.0)	
- Others	(22.3)	Deteriorated earnings of domestic and overseas group companies, losses on disposed assets, etc.
- Total	(72.3)	
Engineering and Trading businesses, and Adjustments	(5.6)	

b. FY 2020 forecast, compared to FY 2019

	<u>Change</u> (billion yen)	
Steel Business		
- Costs	100.0	Reduced fixed costs, mainly for repairs and labor, and realization of investment effects
- Sales volume and mix	(119.0)	Decreased volume due to lower demand and worsening of domestic/export product mix
- Sales prices and raw materials	(23.0)	Narrowed spreads due to unfavorable conditions in domestic and international markets
- Unrealized gains (losses) on inventories	(14.0)	
- Others	(80.3)	Deteriorated earnings of domestic and overseas group companies (-70.0 billion), etc.
- Total	(136.3)	
Engineering and Trading businesses, and Adjustments	(4.0)	

###