



JFE Group

***Financial Results for Fiscal Year 2014
ended March 31, 2015***

JFE Holdings, Inc.

April, 2015



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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



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Financial Results for Fiscal Year 2014



Financial Results for Fiscal Year 2014

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(Mt, Billion yen)	FY2013	FY2014			Change	Year on Year	FY2014	Change
	Full Year(A)	1H	2H	Full Year(B)	(B-A)		Forecast(C)	(B-C)
Crude Steel Production	28.6	14.5	13.9	28.4	(0.2)		28.6	(0.2)
Crude Steel Production (Consolidated)	31.5	15.8	15.1	31.0	(0.5)		31.3	(0.3)
Net Sales	3,666.8	1,848.0	2,002.3	3,850.3	183.5	5%	3,840.0	10.3
Steel Business	126.2	77.6	110.9	188.5	62.3		175.0	13.5
Engineering Business	18.4	0.6	17.4	18.0	(0.4)		18.0	0
Trading Business	21.5	11.4	13.2	24.6	3.1		24.0	0.6
Adjustments	7.3	2.2	(2.4)	(0.2)	(7.5)		3.0	(3.2)
Ordinary Income (ROS)	173.6 (4.7%)	91.9 (4.9%)	139.1 (6.9%)	231.0 (6.0%)	57.4 (1.3%)	33%	220.0 (5.7%)	11.0 (0.3%)
Extraordinary Income (Loss)	(13.1)	(7.1)	2.8	(4.3)	8.8		(5.0)	0.7
Income Before Income Taxes and Minority Interests	160.5	84.8	141.8	226.6	66.1		215.0	11.6
Tax Expense and Minority Interest	(58.1)	(32.5)	(54.8)	(87.3)	(29.2)		(85.0)	(2.2)
Net Income	102.3	52.3	87.0	139.3	37.0	36%	130.0	9.3



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JFE Steel
Financial Results
for Fiscal Year 2014



Financial Results for FY14 of JFE Steel

(Billion yen)

JFE Steel	FY2013 Actual A	FY2014 Forecast B	FY2014 Actual C	Change FY2013 →FY2014 C-A	Change Forecast →Actual C-B
Net Sales	2,691.6	2,890.0	2,873.8	182.2	(16.2)
Ordinary Income	126.2	175.0	188.5	62.3	13.5
ROS	4.7%	6.1%	6.6%	1.9%	0.5%

Production and Shipment

■ Crude Steel Production and Shipment (Mt)

	FY 2013	1H	2H		FY 2014	Change YoY	
			10-12月	1-3月			
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)	
Crude Steel	28.6	14.5	6.9	7.0	13.9	28.4	(0.2)
Shipment	25.5	13.0	6.5	6.5	13.0	26.0	0.5

ASP(000yen/t)	75.7	76.7	77.9	77.3	77.6	77.1	1.4
Exchange Rate (yen/\$)	99.8	102.5	112.3	119.4	115.9	109.2	9.4
Period End Rate (yen/\$)	102.9	109.5	120.6	120.2	120.2	120.2	17.3

■ Consolidated Basis (Mt)

Crude Steel	31.5	15.8	7.6	7.5	15.1	31.0	(0.5)
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13 Billion Yen increase in JFE Steel's Ordinary Income (FY14 (Forecast) vs. FY14 (Actual))

(Billion yen)

JFE Steel	FY2013 (Actual)	FY2014 (Forecast)	FY2014 (Actual)			Change FY2013 →FY2014 C-A	Change Forecast →Actual C-B
	A	B	1H	2H	Full Year C		
Ordinary Income	126.2	175.0	77.6	110.9	188.5	62.3	13.5

■ Forex etc. + 13



62 Billion Yen increase in JFE Steel's Ordinary Income (FY13 (Actual) vs. FY14 (Actual))

(Billion yen)

JFE Steel	FY2013 (Actual)	FY2014 (Forecast)	FY2014 (Actual)			Change FY2013 →FY2014 C-A	Change Forecast →Actual C-B
	A	B	1H	2H	Full Year C		
Ordinary Income	126.2	175.0	77.6	110.9	188.5	62.3	13.5

- Sales and Raw materials + 110 ⇒ Decline in price of raw materials etc.
- Cost reduction + 40 ⇒ Including preventive maintenance
- Inventory valuation - 60
- Price hike etc. - 30 ⇒ Energy price, selling costs, outsourcing costs etc.
- Forex + 2

TOTAL + 62



JFE Engineering Financial Results for Fiscal Year 2014



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Financial Results for FY14 of JFE Engineering

(billion yen)

	FY2013 (Actual)			FY2014 (Actual)			Change Full Year
	1H	2H	Full Year	1H	2H	Full Year	
Orders	186.3	180.6	367.0	214.8	244.7	459.5	92.5
Net Sales	107.2	176.9	284.1	144.6	222.7	367.3	83.2
Ordinary Income	2.1	16.3	18.4	0.6	17.4	18.0	(0.4)

Both Orders (459.5 billion yen) and Net Sales (367.3 billion yen) are historical records

【Change: FY2013 to FY2014】

- Orders: +92.5 Urban Environment and Energy: +81.1
 Steel Construction and Others: +11.4

- Net Sales: +83.2 Increase with increase in orders
 (FY2012: 269.8 → FY2013: 367.0 → FY2014: 459.5)



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**JFE Shoji
Financial Results
for Fiscal Year 2014**



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Financial Results for FY14 of JFE Shoji

(billion yen)

	FY2013 (Actual)			FY2014 (Actual)			Change Full Year
	1H	2H	Full Year	1H	2H	Full Year	
Net Sales	855.8	925.5	1,781.3	946.2	988.2	1,934.4	153.1
Ordinary Income	10.4	11.1	21.5	11.4	13.2	24.6	3.1

【Change: FY2013 to FY2014】

-Domestic Business:

Increase in sales for manufacturing sector (shipbuilding sector etc.)

Increase in income of building material sales subsidiaries, steel pipe sales subsidiaries etc.

-Overseas Business:

Increase in income of overseas subsidiaries in North America etc.



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Dividends



Dividends for FY2014 and 2015

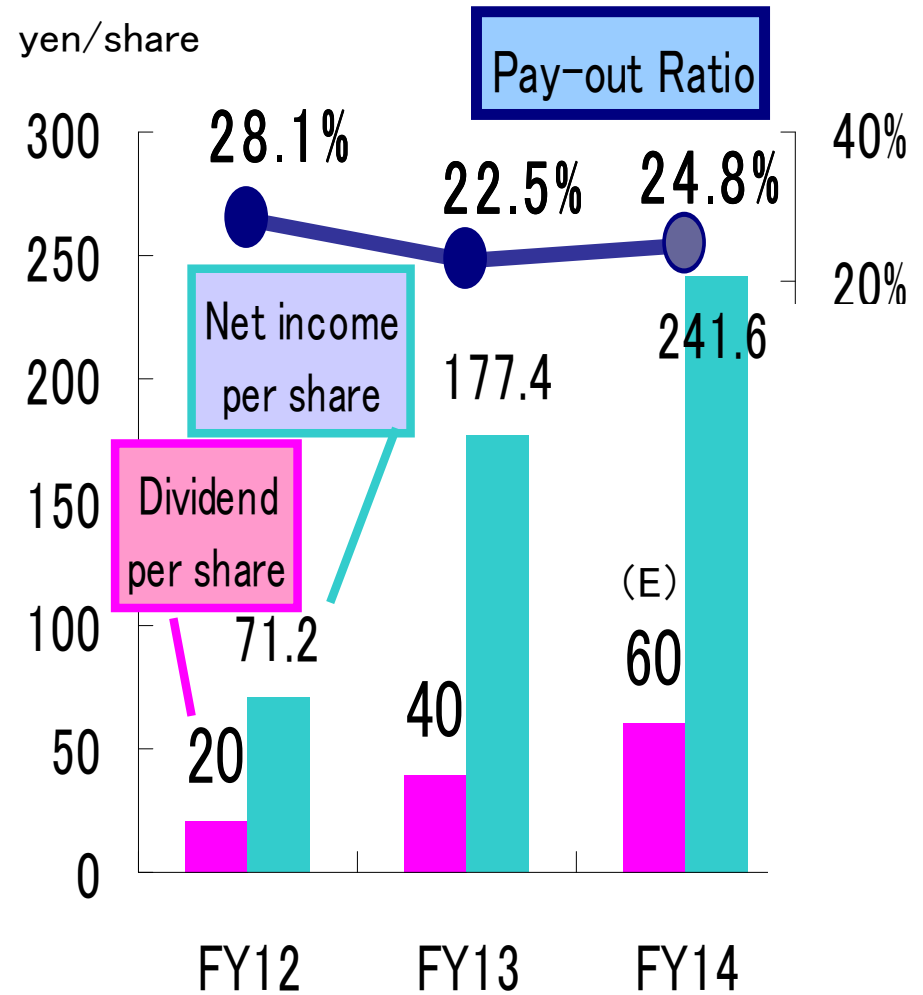
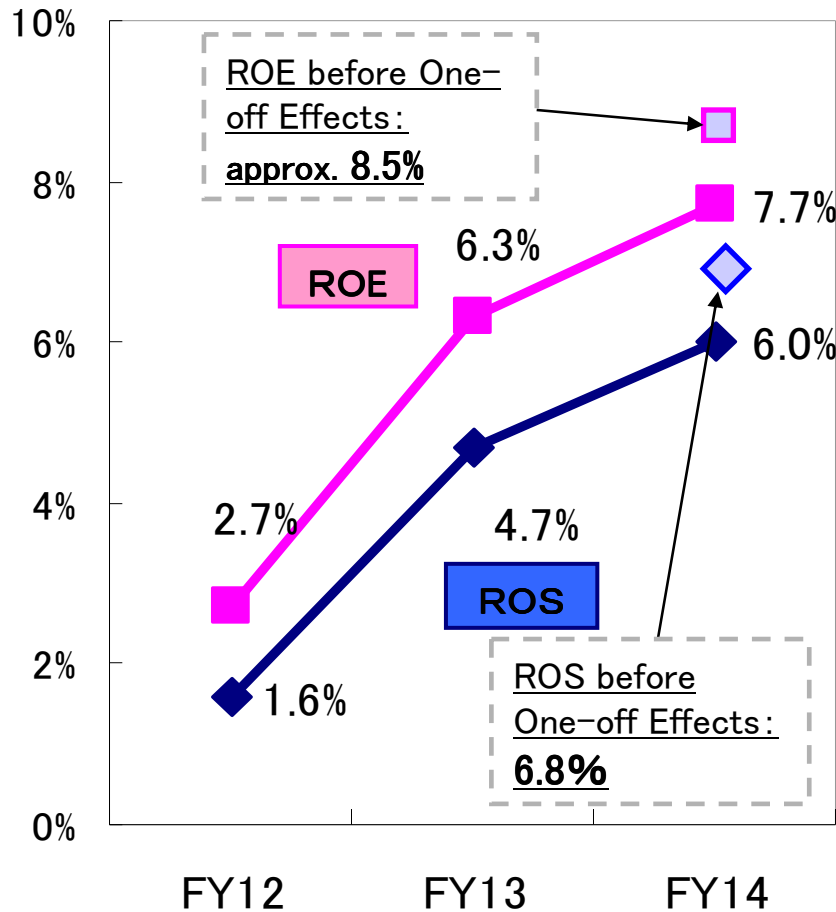
Announced on Apr. 23, 2015

JFE Holdings will propose at its forthcoming General Meeting of Shareholders a payment of 40 yen per share for the year-end dividend, resulting in an annual dividend of 60 yen per share.

JFE Holdings is not issuing a dividend forecast for fiscal 2015 at this time, as it is still determining its earnings outlook.



Financial Indices (ROS, ROE, Dividend)



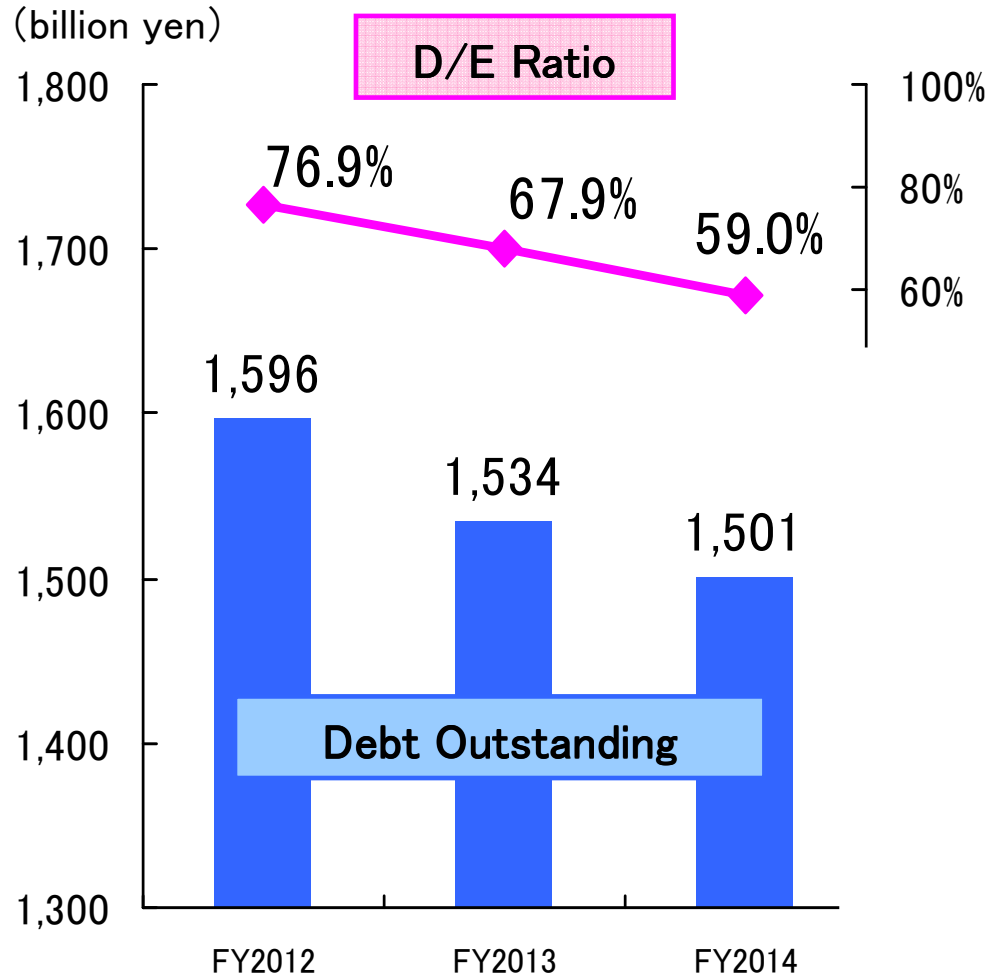
ROE = Net Income / Shareholders' Equity (average)

ROS = Ordinary Income / Net Sales



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Financial Indices (Debt Outstanding, D/E Ratio)



Ref.: Cash Flow for FY2014

(billion yen)

Source		Usage	
		Repayment of debt	32
Net Income	139	Working Capital etc.	62
Depreciation	176	Capex	220

D/E Ratio = Debt Outstanding / Shareholders' Equity. For debt having a capital component, 75% of the 300 billion yen issue price is deemed to be capital, as assessed by rating agencies.



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Financial Forecast for Fiscal Year 2015



Financial Forecast for FY2015

Announced on Apr. 23, 2015

In the steel business, underlying demand strength is envisioned in Japan, although conditions will be impacted by surplus inventory. Meanwhile, overseas markets remain unfavorable, partly due to excess supply from Chinese mills. In response, JFE Holdings will continue to cut costs and improve its manufacturing base.

It is difficult to forecast future trends due to various uncertainties, such as the prices of main raw materials for steel and steel sales prices. If prices were to remain at current levels, however, JFE Holdings forecasts ordinary income of around 230.0 billion yen, similar to that in fiscal 2014



Financial Forecast for FY2015

Breakdown of Changes in Ordinary Income (Steel business)

Forecast for FY 2015 compared to FY2014

-Sales volume and product mix	(10.0)
-Sales prices and raw materials prices	(20.0)
-Cost reductions	40.0
-Inventory valuation etc.	0
-Others	(10.0)

TOTAL

0



Underlying Profit before One-off Effects

(Billion yen)

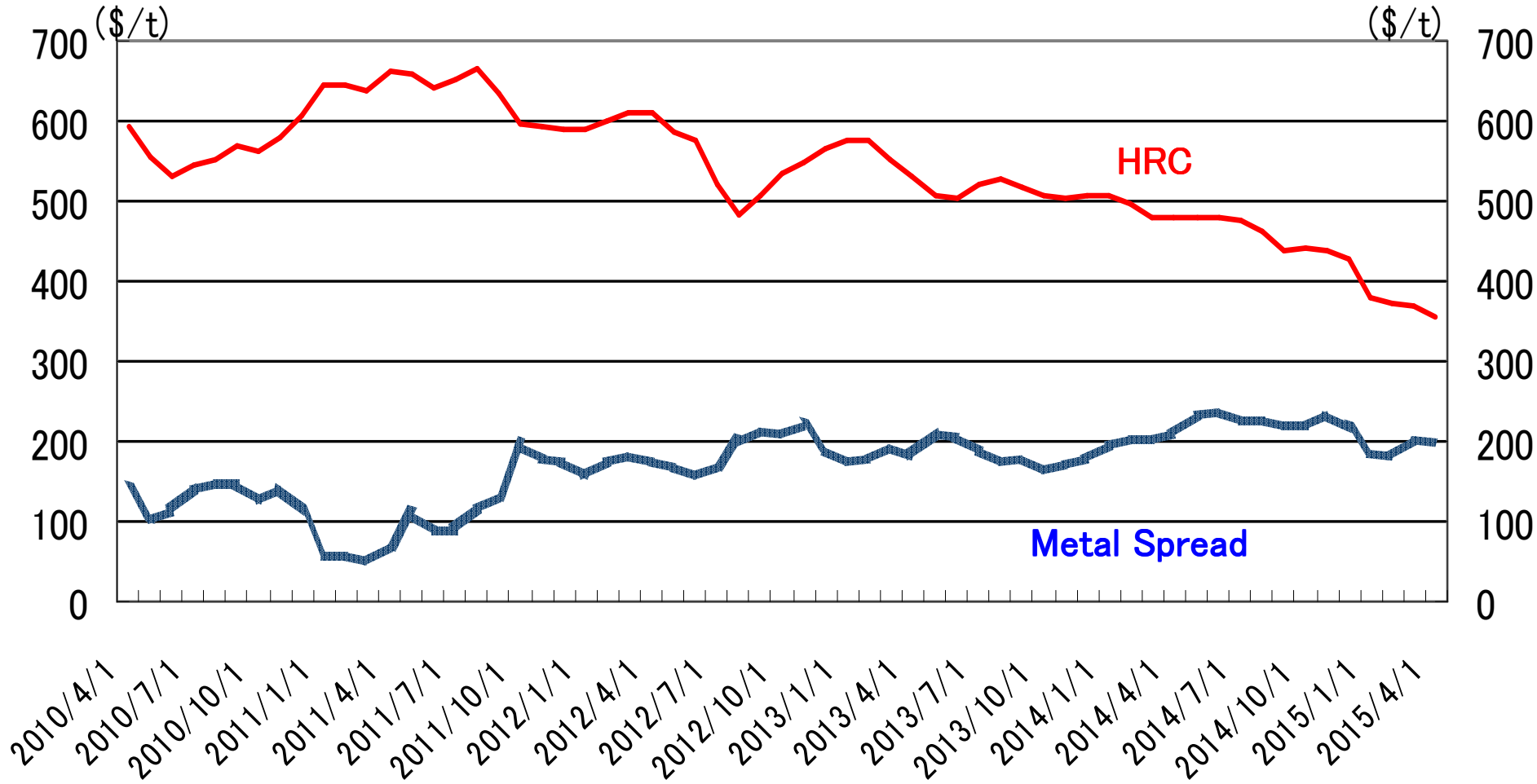
	FY2013 Actual	FY2014 Actual	FY2015 Estimate
Net Sales	3,666.8	3,850.3	–
Ordinary Income	173.6	231.0	230.0
ROS	4.7%	6.0%	–
One-off Effects	15	(32)	(32)
Underlying Profit before One-off Effects	160	260	260
ROS	4.4%	6.8%	–



Export
Market Environment

Metal Spread Trend (Chinese Spot basis)

JFE Steel



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



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Appendix



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Main Financial Data

JFE-HD

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Ordinary Income (Bn. Yen)	218.3	502.9	400.5	69.2	165.8	52.9	52.2	173.6	231.0
ROS ※1	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	6.0%
ROE ※2	15.9%	17.5%	13.7%	3.3%	4.1%	-2.6%	2.7%	6.3%	7.7%
ROA ※3	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.5%
Debt Outstanding	1,837	1,282	1,769	1,468	1,496	1,594	1,596	1,534	1,501
D/E Ratio ※4	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	59.0%
Net Income (yen/share)	185.8	450.6	355.6	86.4	110.7	-68.7	71.2	177.4	241.6
Dividend (yen/share)	30	120	90	20	35	20	20	40	* 60
Pay-out Ratio	16.1%	26.6%	25.3%	23.1%	31.6%	—	28.1%	22.5%	24.8%

• Interim: 20
Year-end: 40 (E)

※1: ROS = Ordinary Income / Net Sales

※2: ROE = Net Income / Shareholders' Equity (average)

※3: ROA = Ordinary Income before Interest Expenses / Total Assets (average)

※4: D/E Ratio = Debt Outstanding / Shareholders' Equity

For debt having a capital component, 75% of the 300 billion yen issue price is deemed to be capital, as assessed by rating agencies.



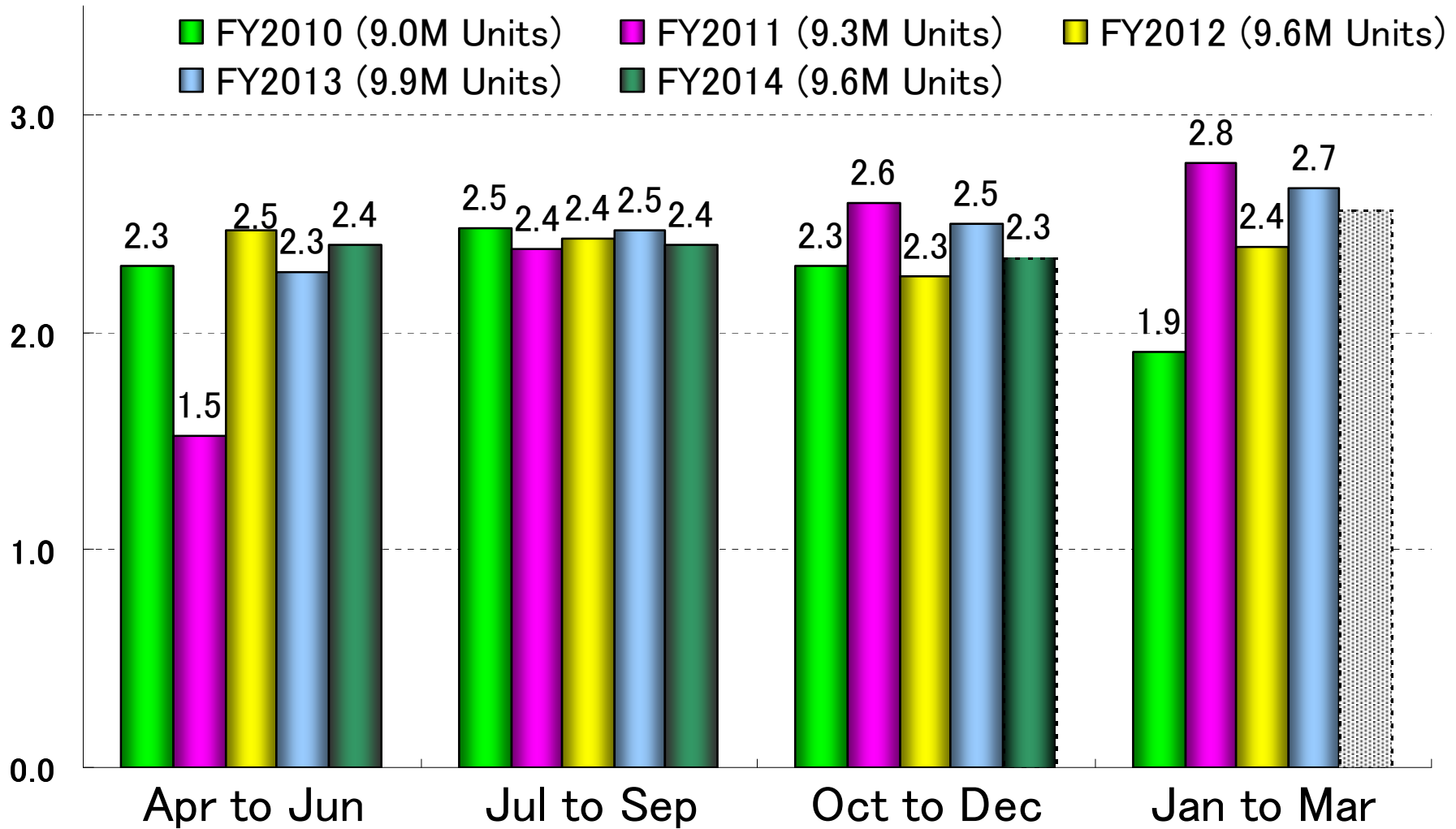
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Market Environment of Steel Business



Domestic
Market Environment

Auto Production

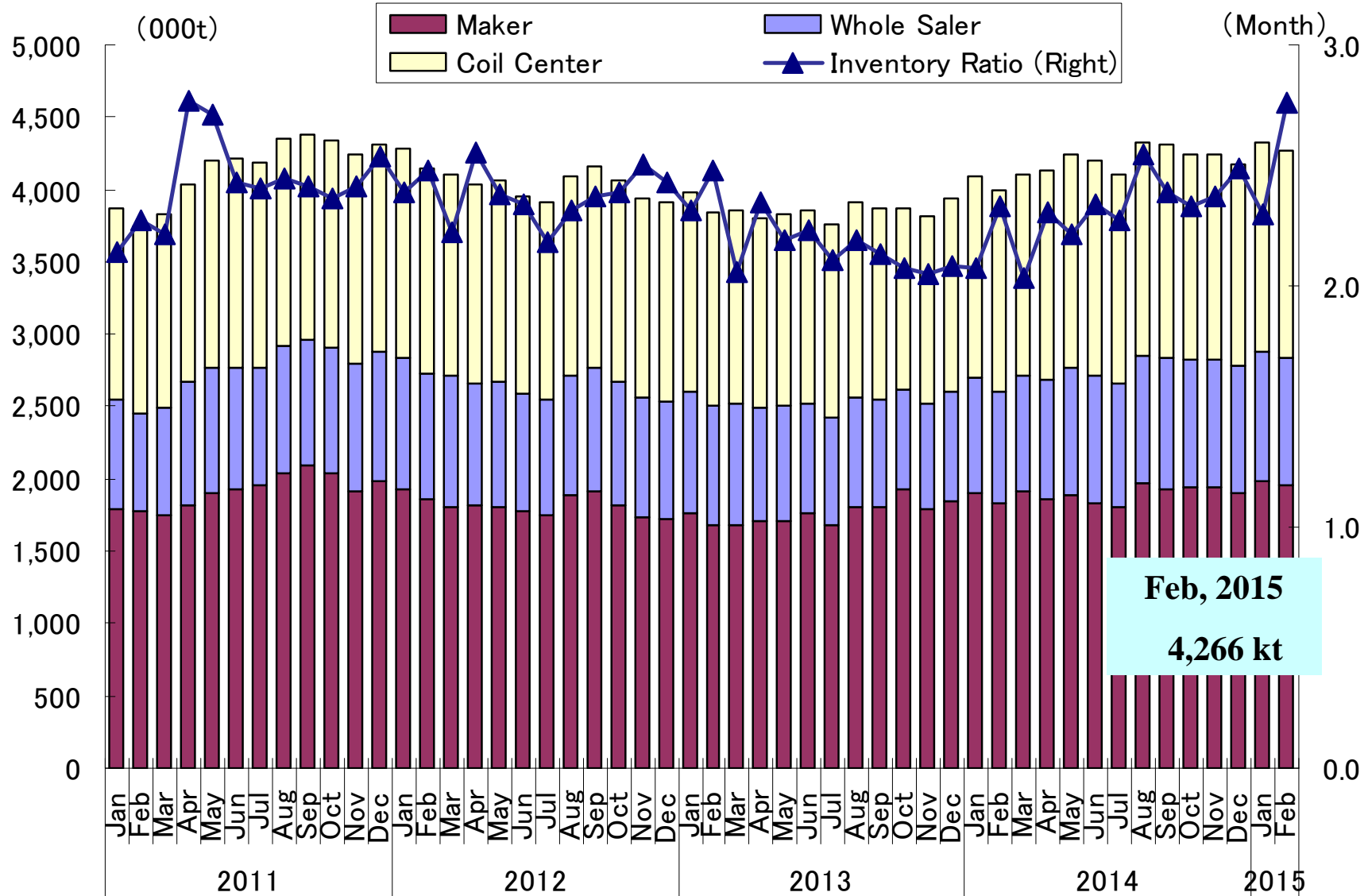


JFE estimate



Domestic Market Environment

Combined Inventories of HR, CR and Coated Steel Sheet

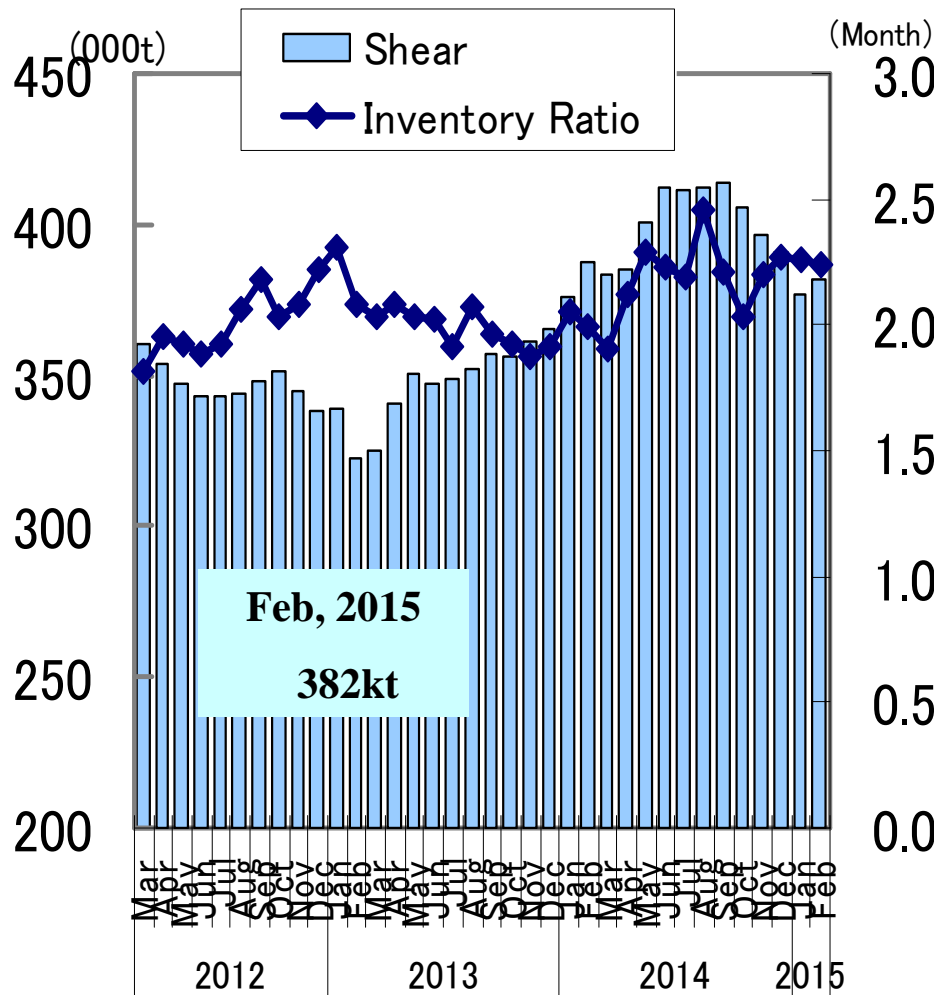




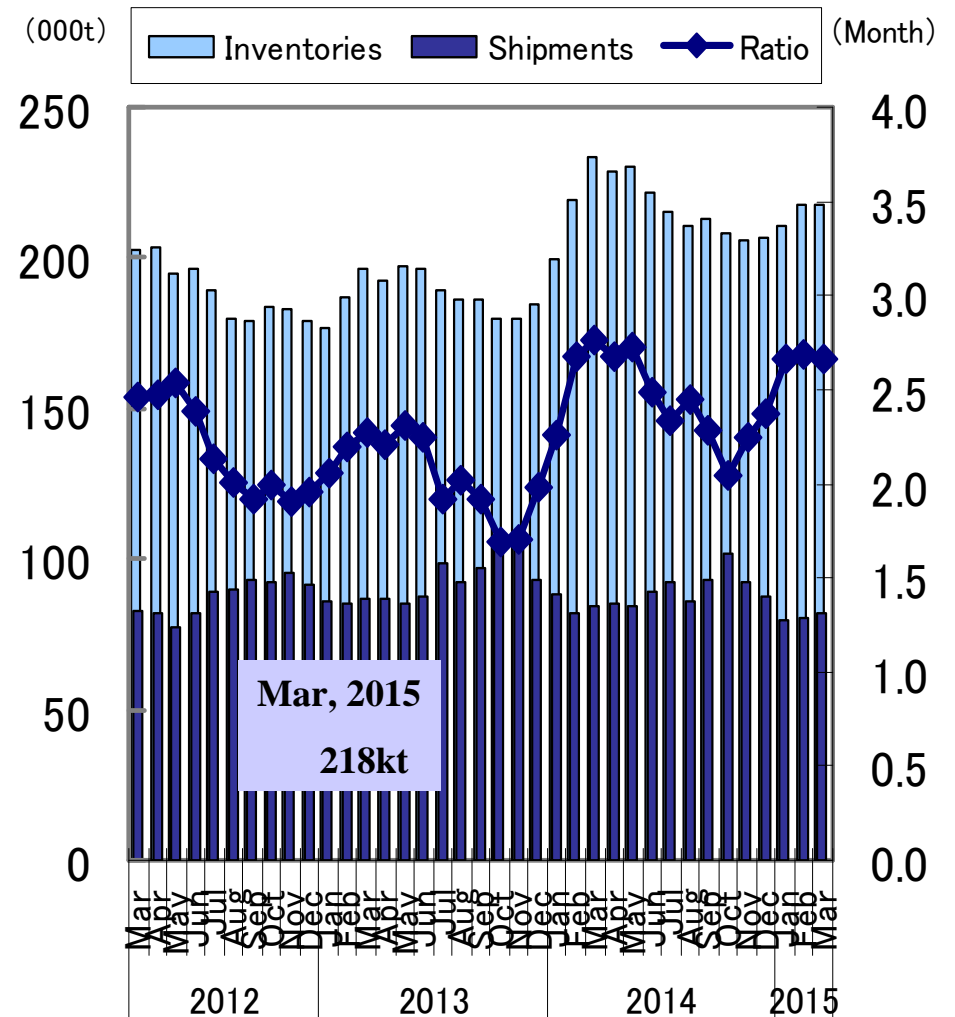
Domestic Market Environment

JFE Steel Inventories of Plate (Plate Shear) and Wide Flange Shapes

Inventories of Plate (Plate Shear)



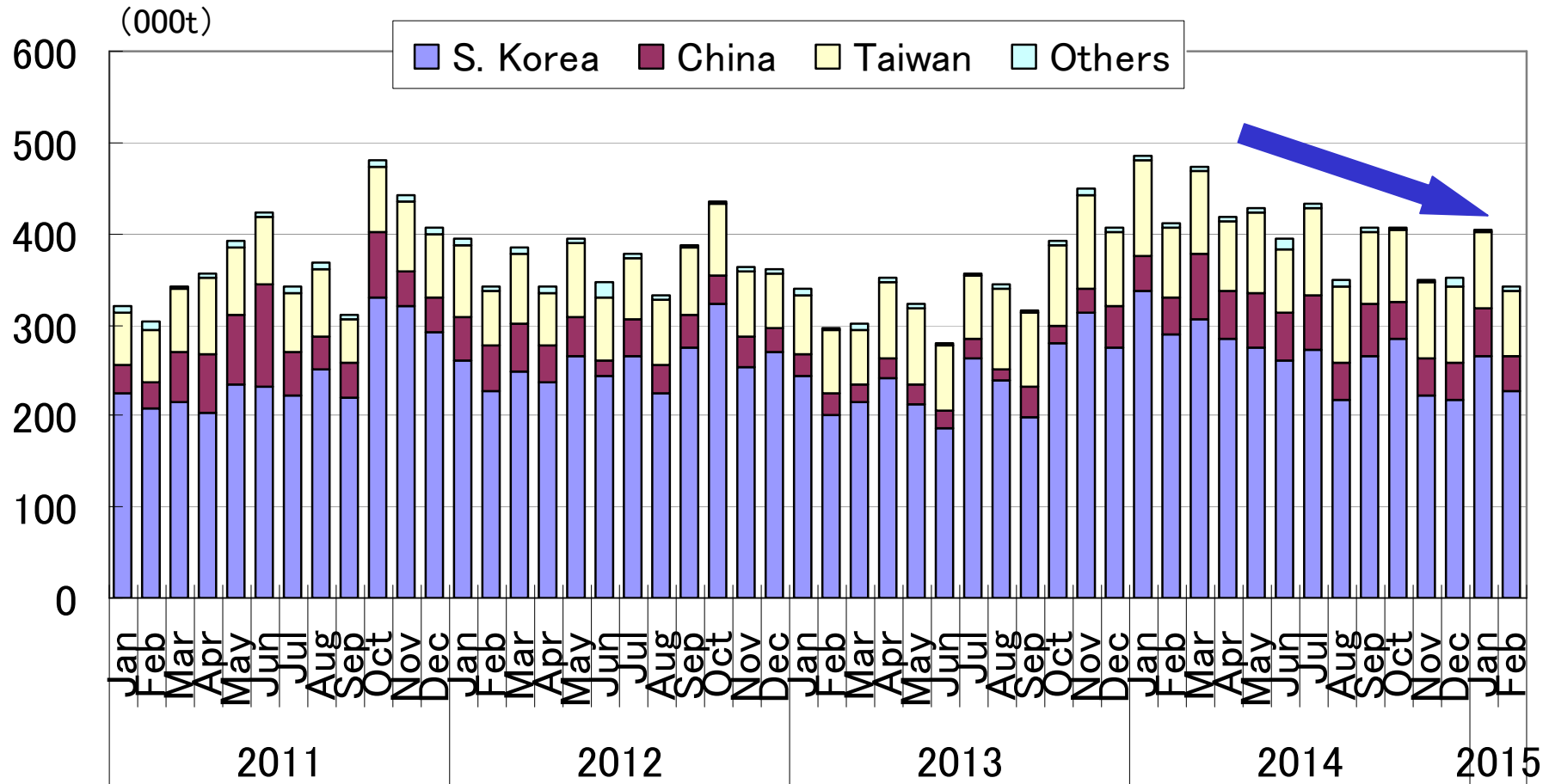
Inventories of Wide Flange Shapes





Domestic Market Environment

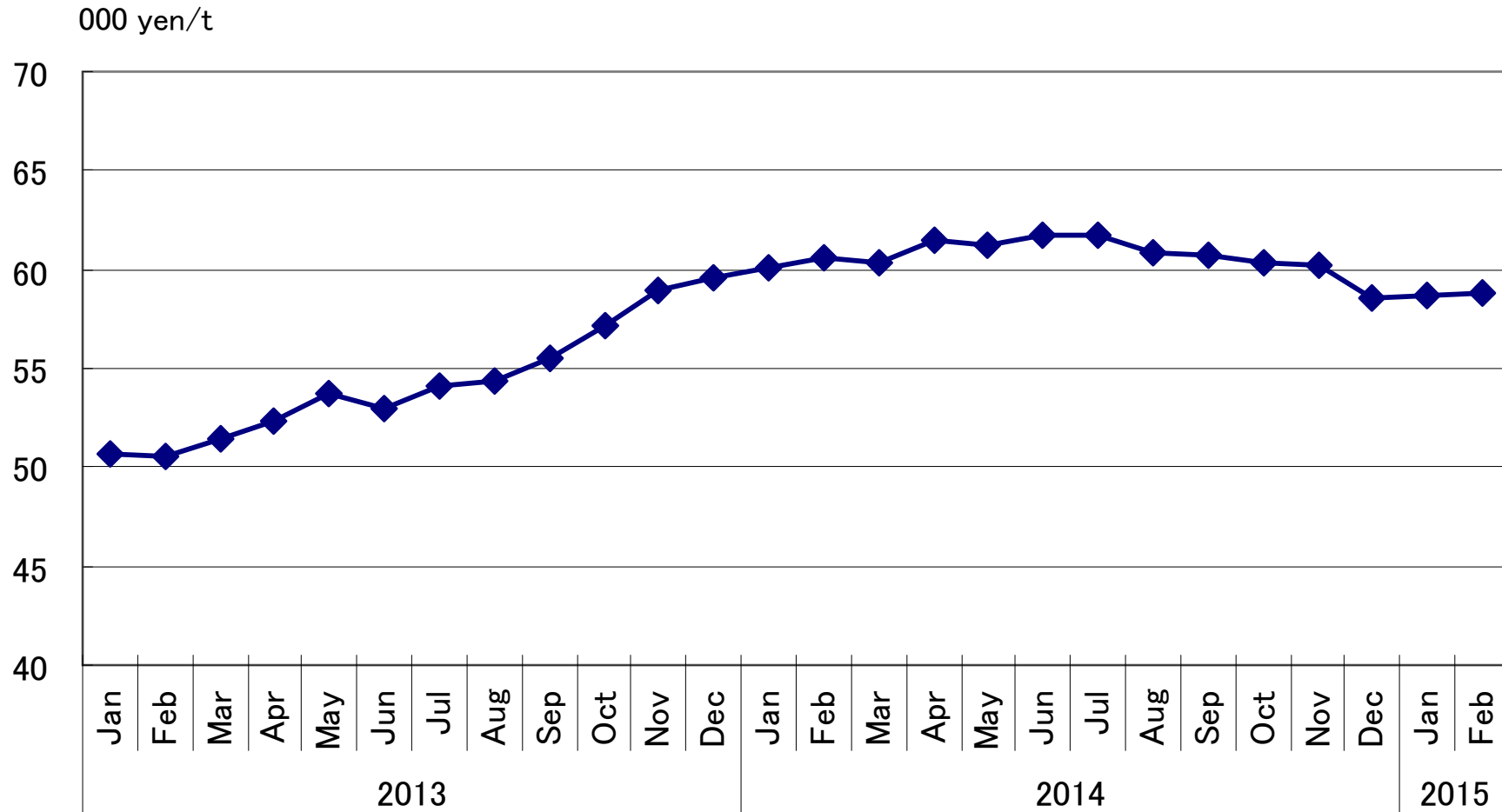
Trend of Import Steel (Ordinary Steel)





Domestic Market Environment

Price Trend of Import Steel



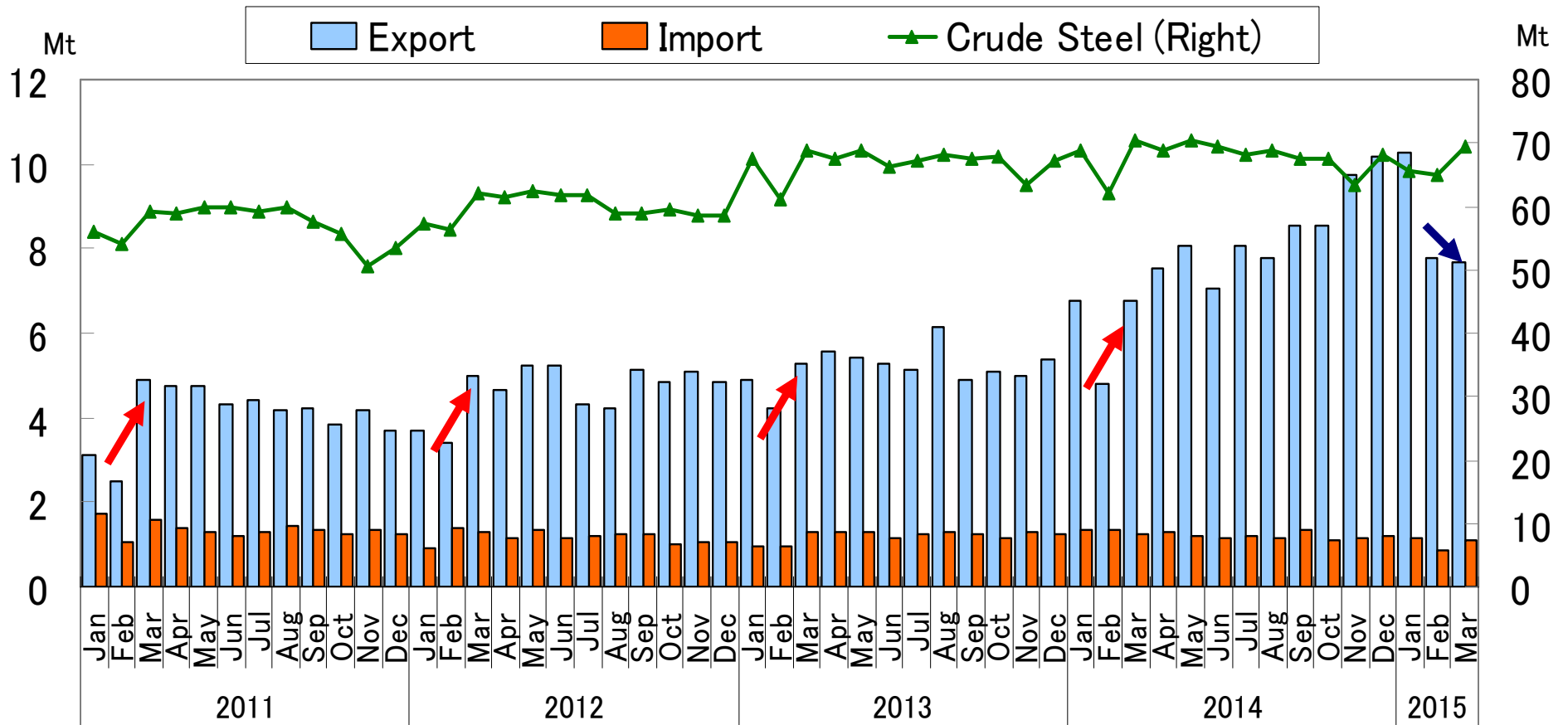
Data: Japanese Steel Association
Import Steel from S. Korea



Export Market Environment

Crude Steel & Im/Export, China

Production per day: Jan, 2015: 2.11Mt, Feb: 2.32Mt, Mar: 2.24Mt

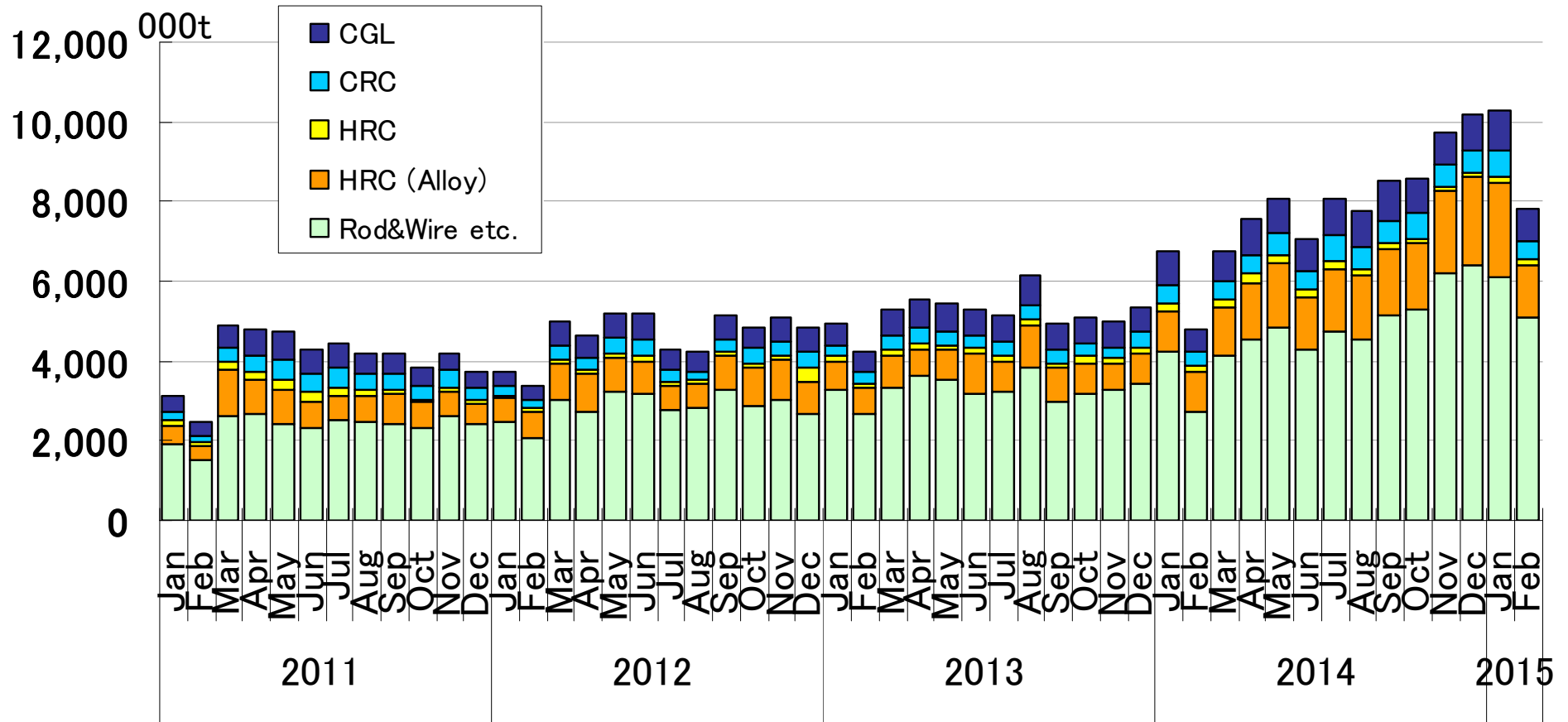


*Crude Steel in Jan and Feb, 2015: WSA's estimation



Export
Market Environment

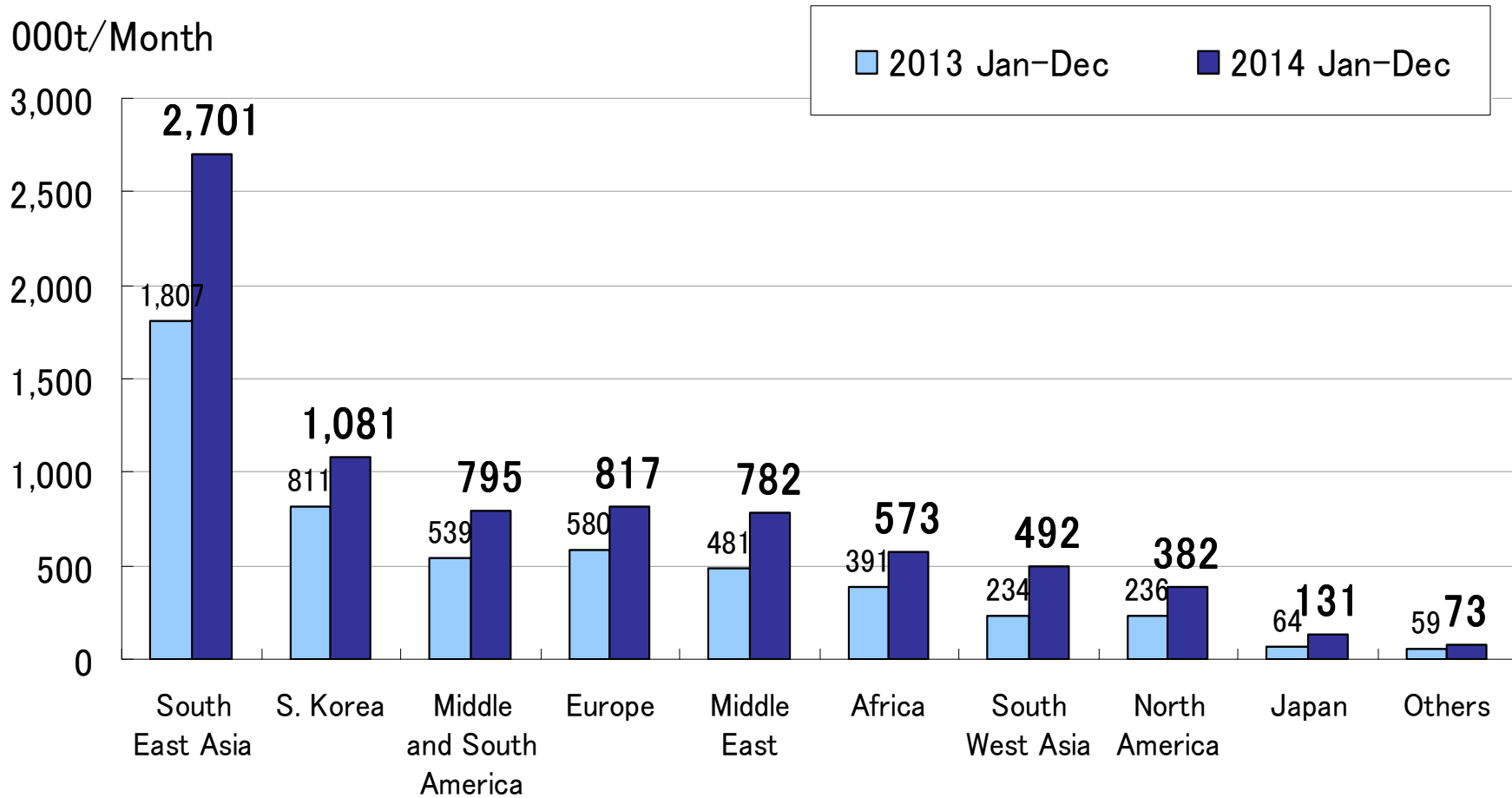
Exports from China by Products





Export Market Environment

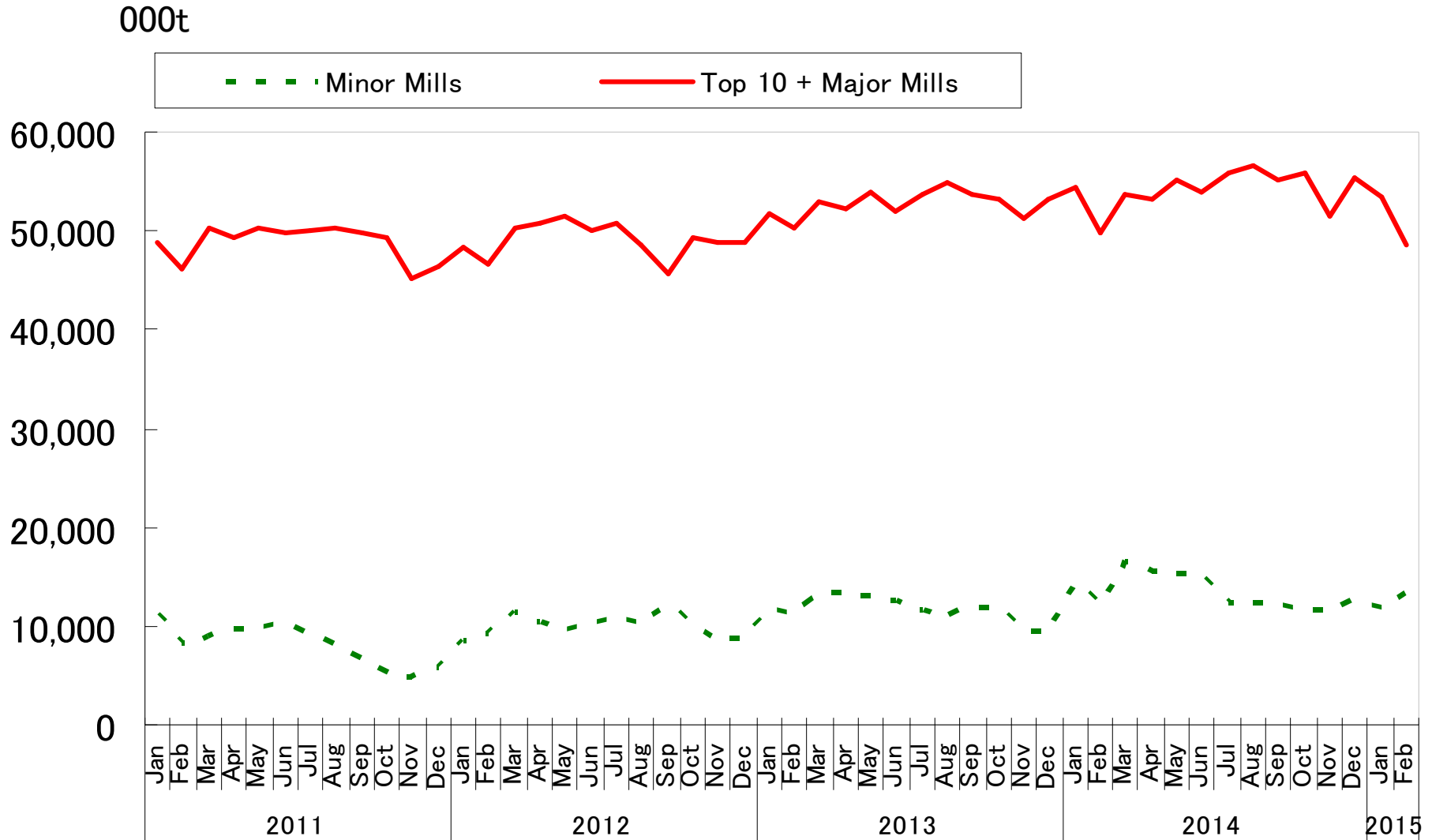
Exports Destination from China by Areas/Countries





Export Market Environment

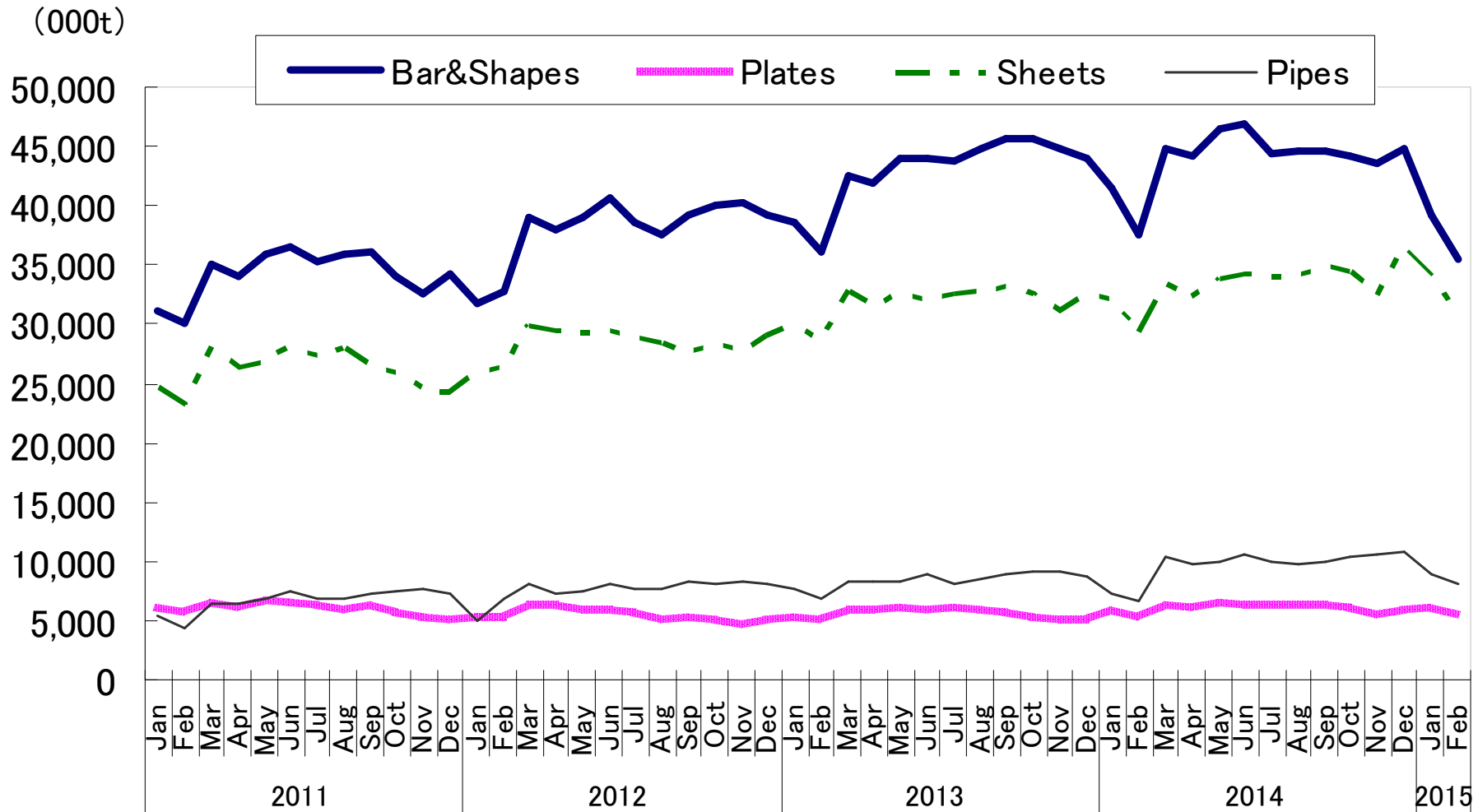
Production Trend in China





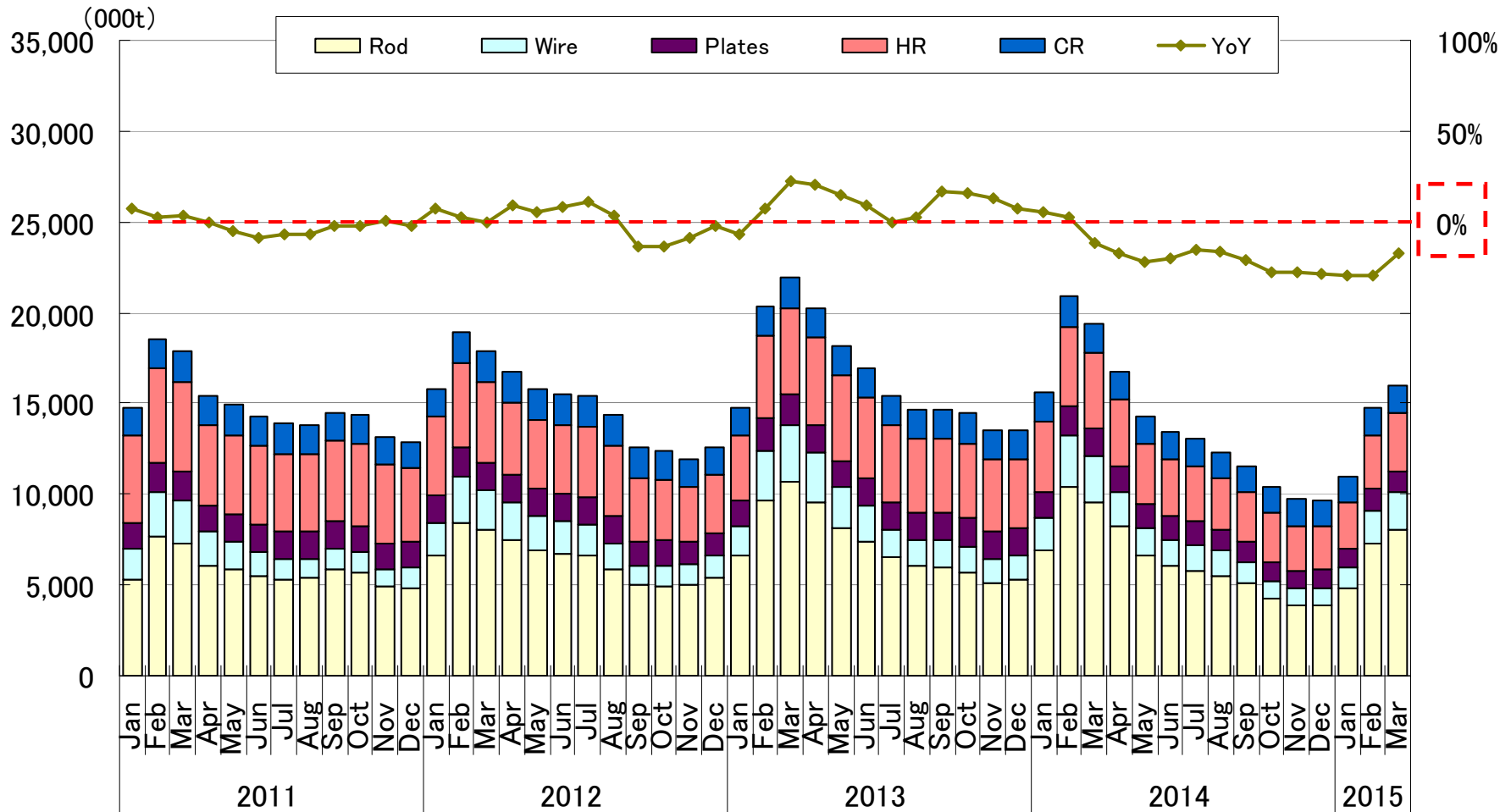
Export Market Environment

Production Trend in China (by products) ^{JFE Steel}



Export
Market Environment

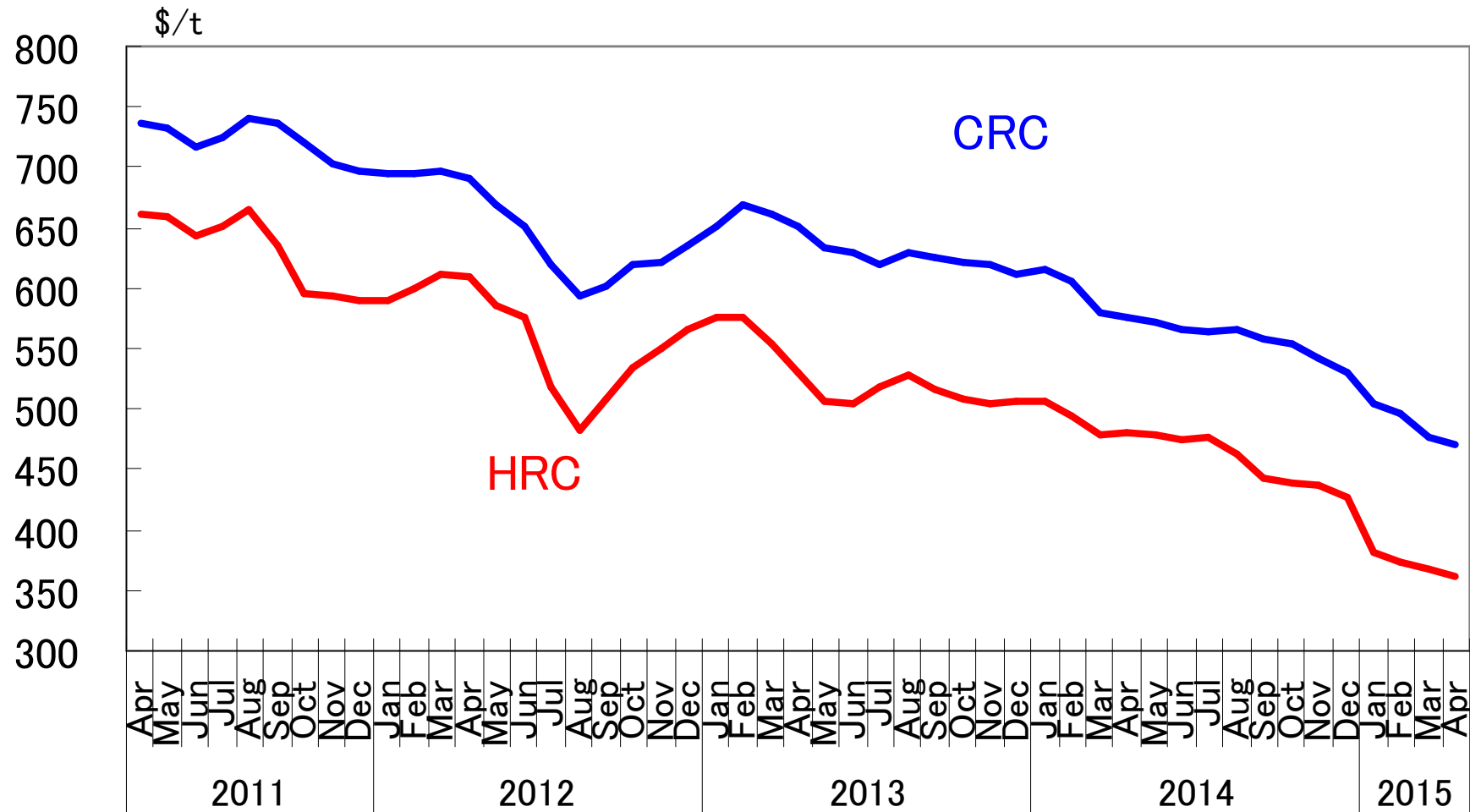
Inventories in China





Export Market Environment

Steel Sheet Prices in China

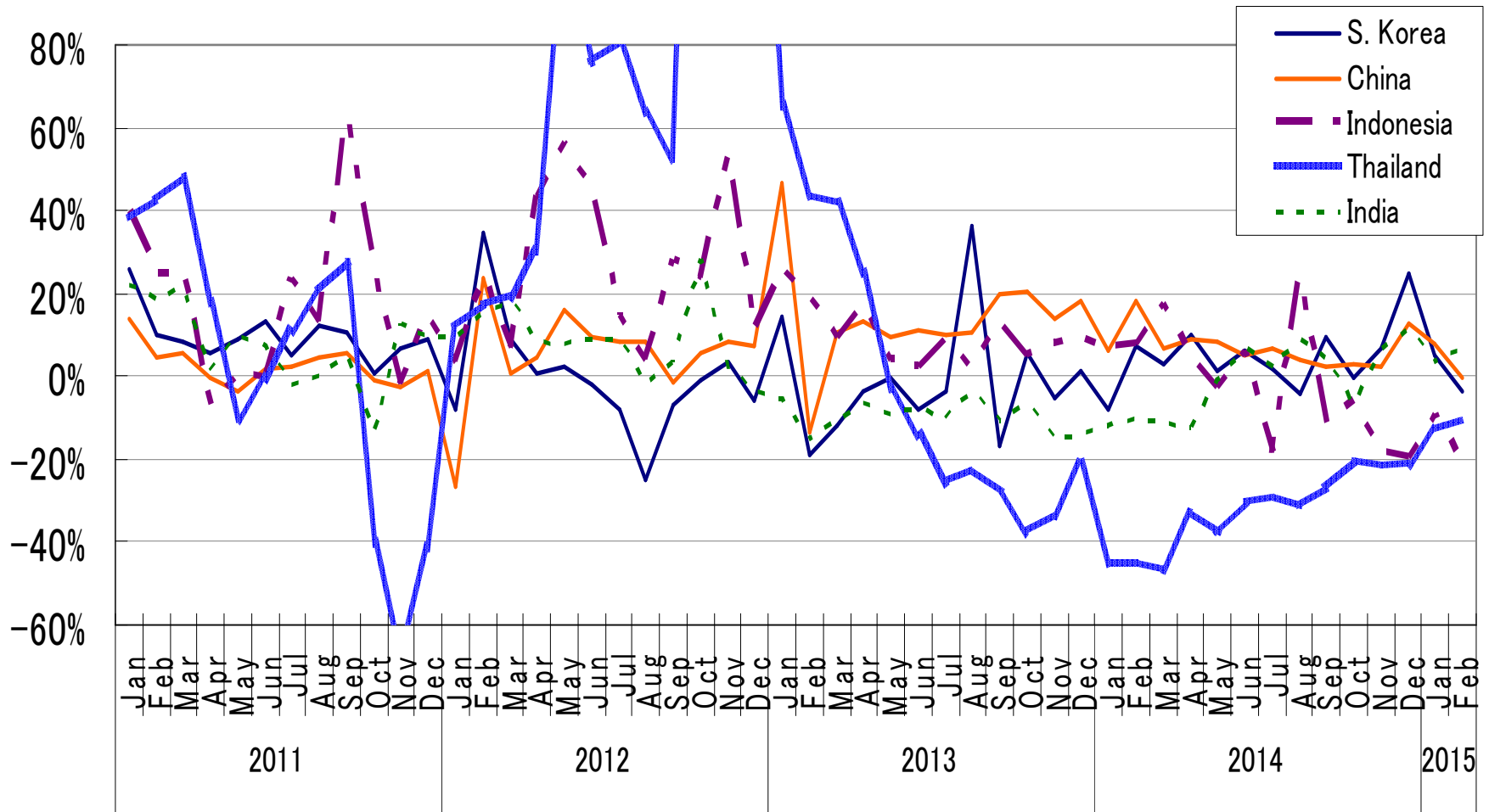


Notes: Figures does not include value-added tax. Prices are average from 21 regions of China.



Auto Sales in Key Countries

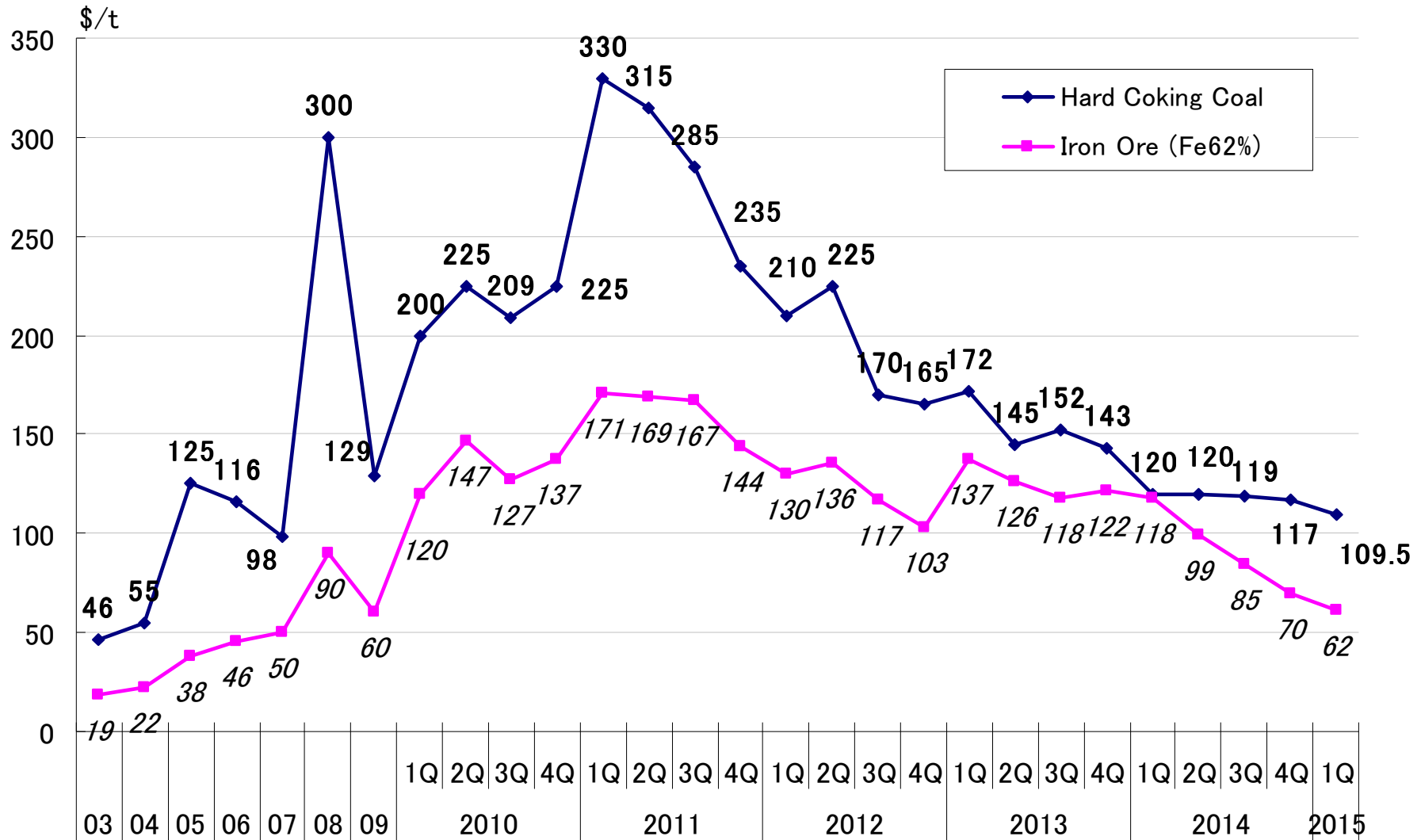
Automobile Sales in Key Countries (YoY Change)





Raw Materials

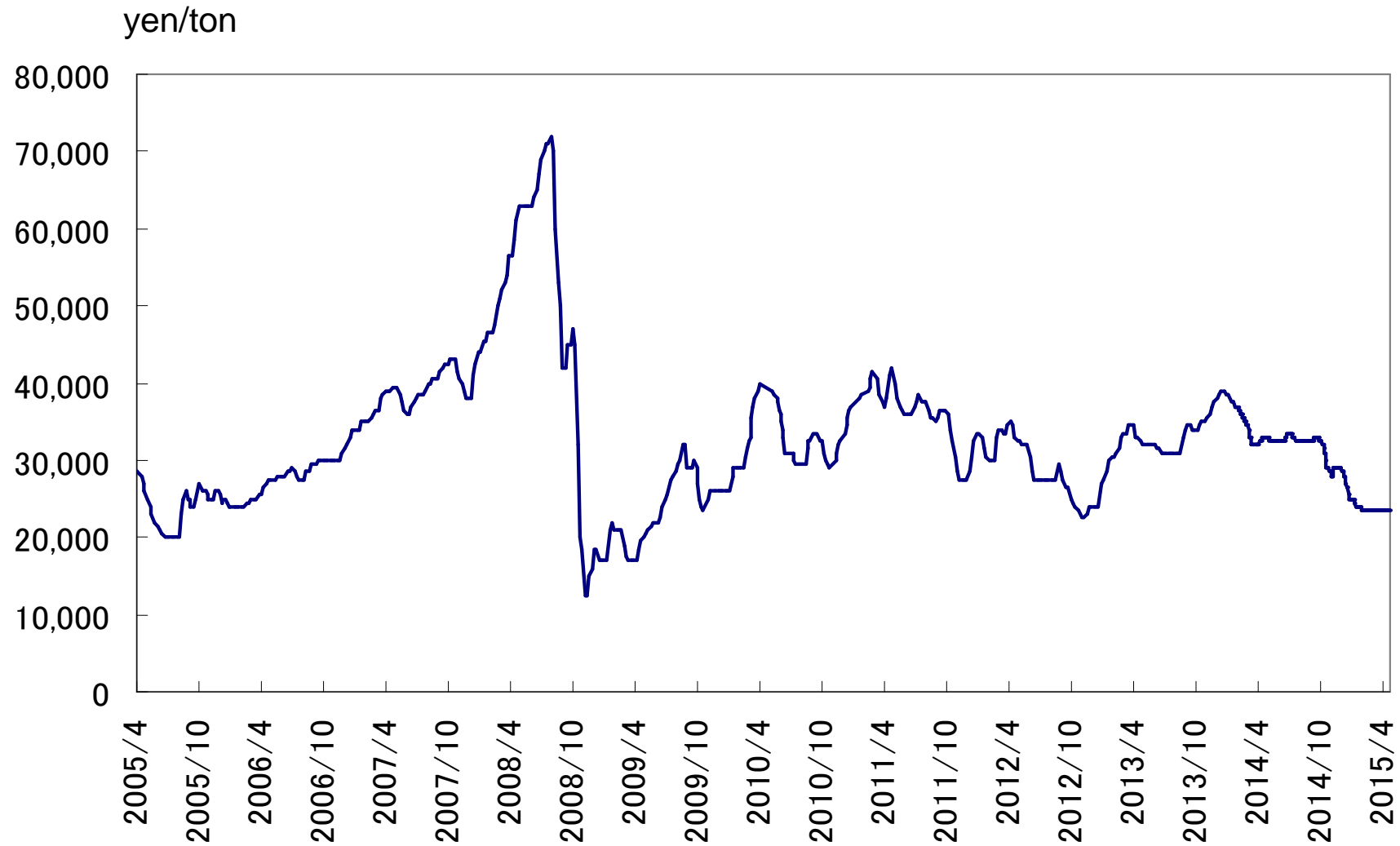
Raw Materials Price





Raw Materials

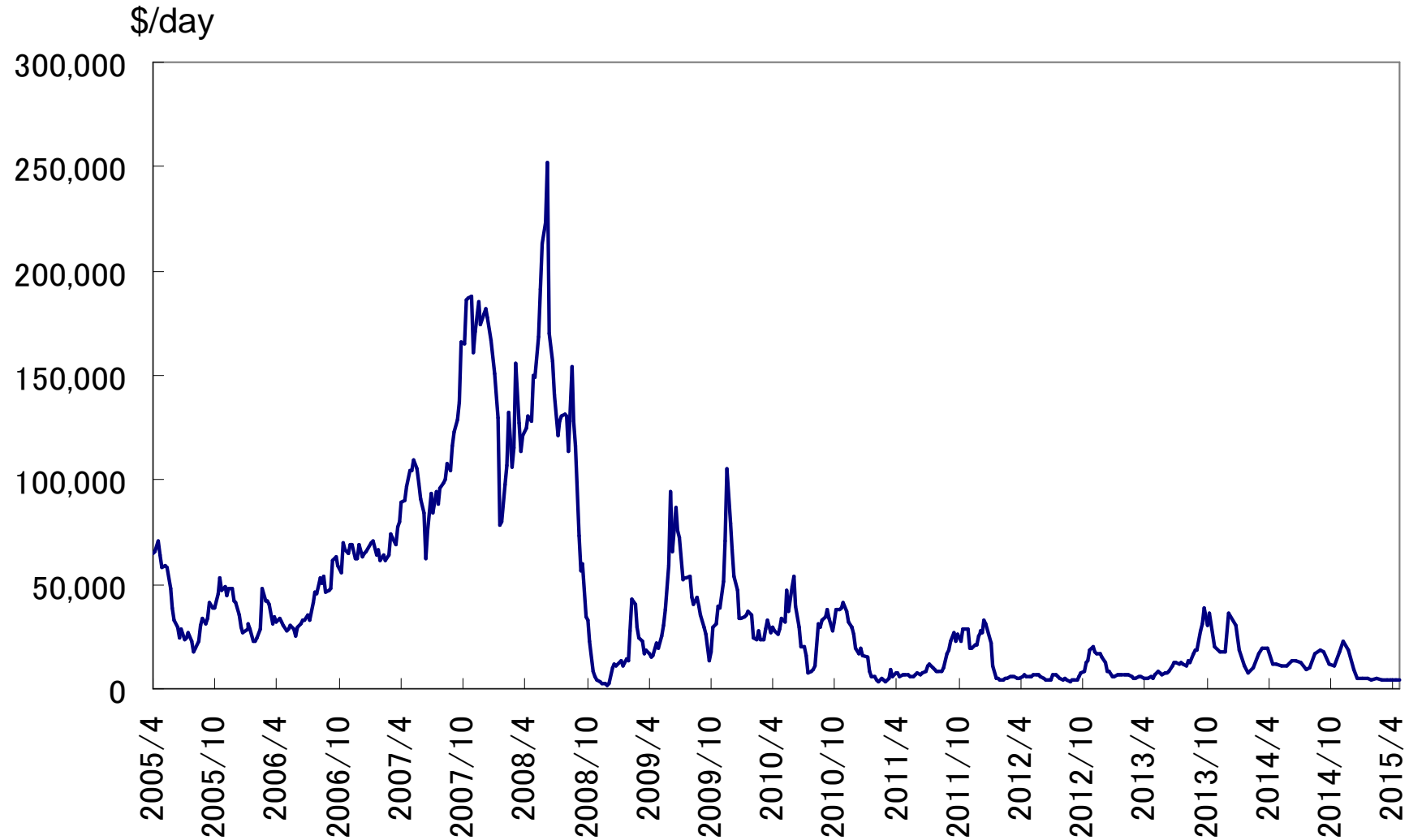
Trend of Scrap Price





Raw Materials

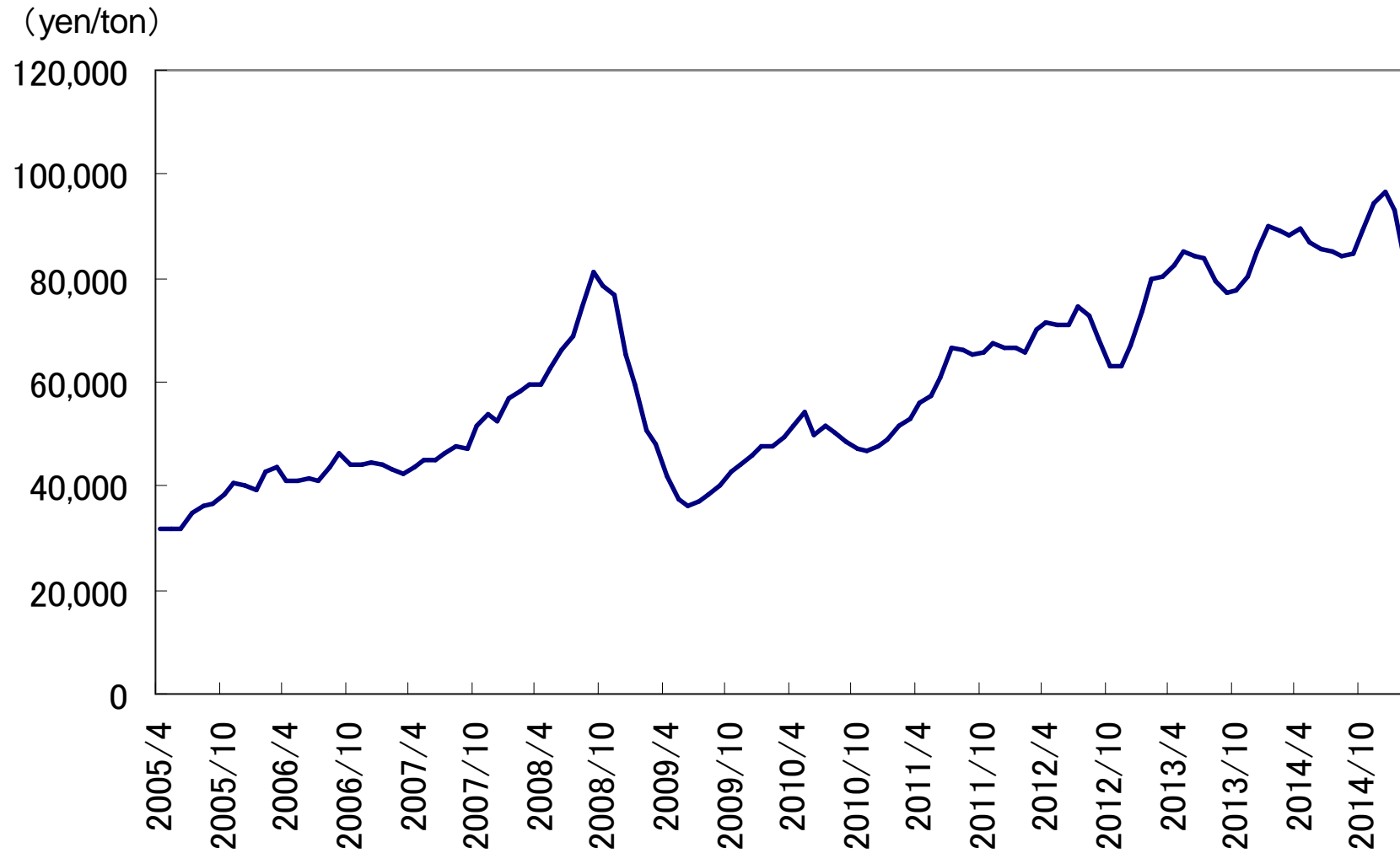
Trend of Spot Bulker Price





Raw Materials

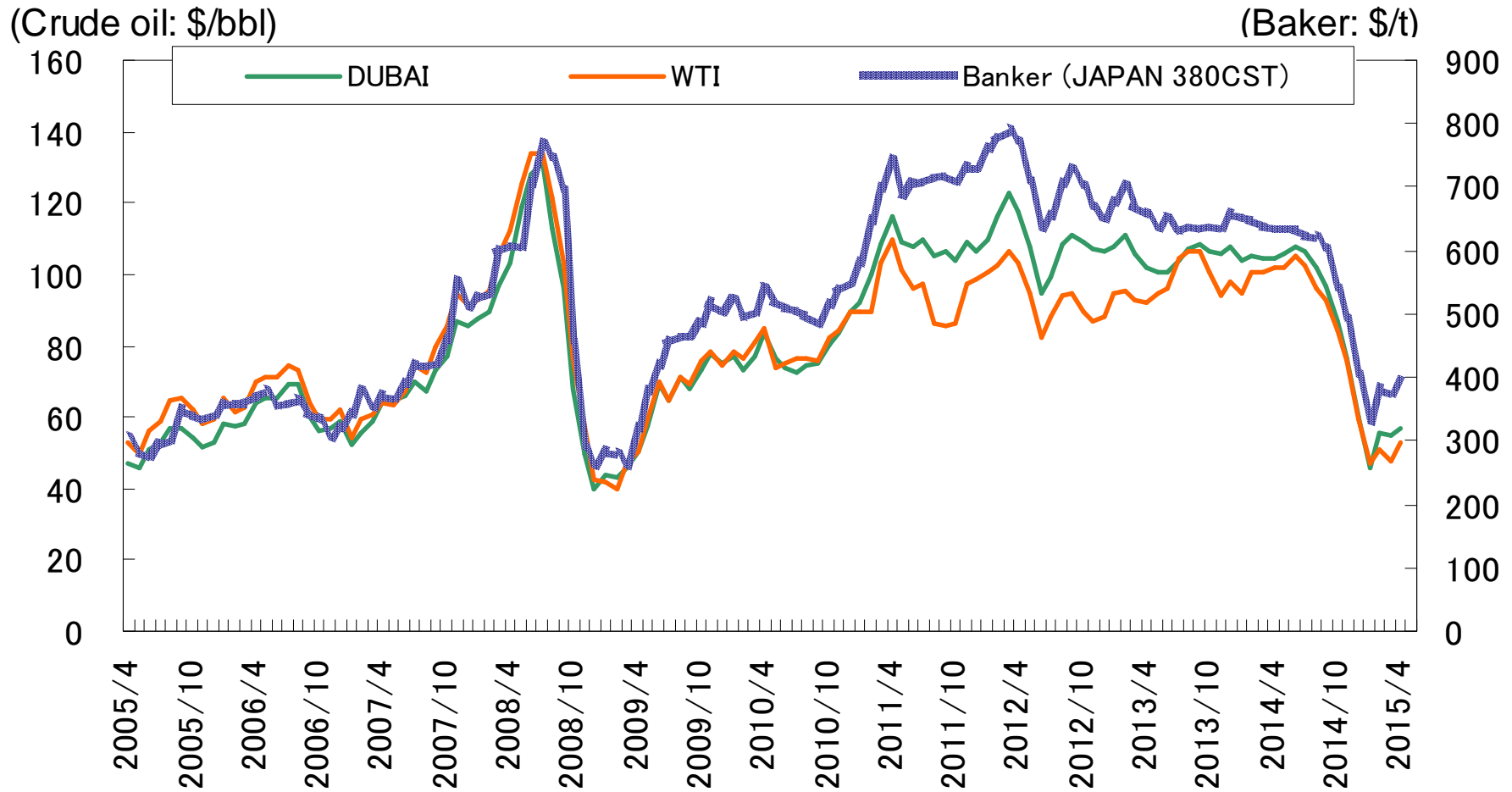
Trend of LNG Price



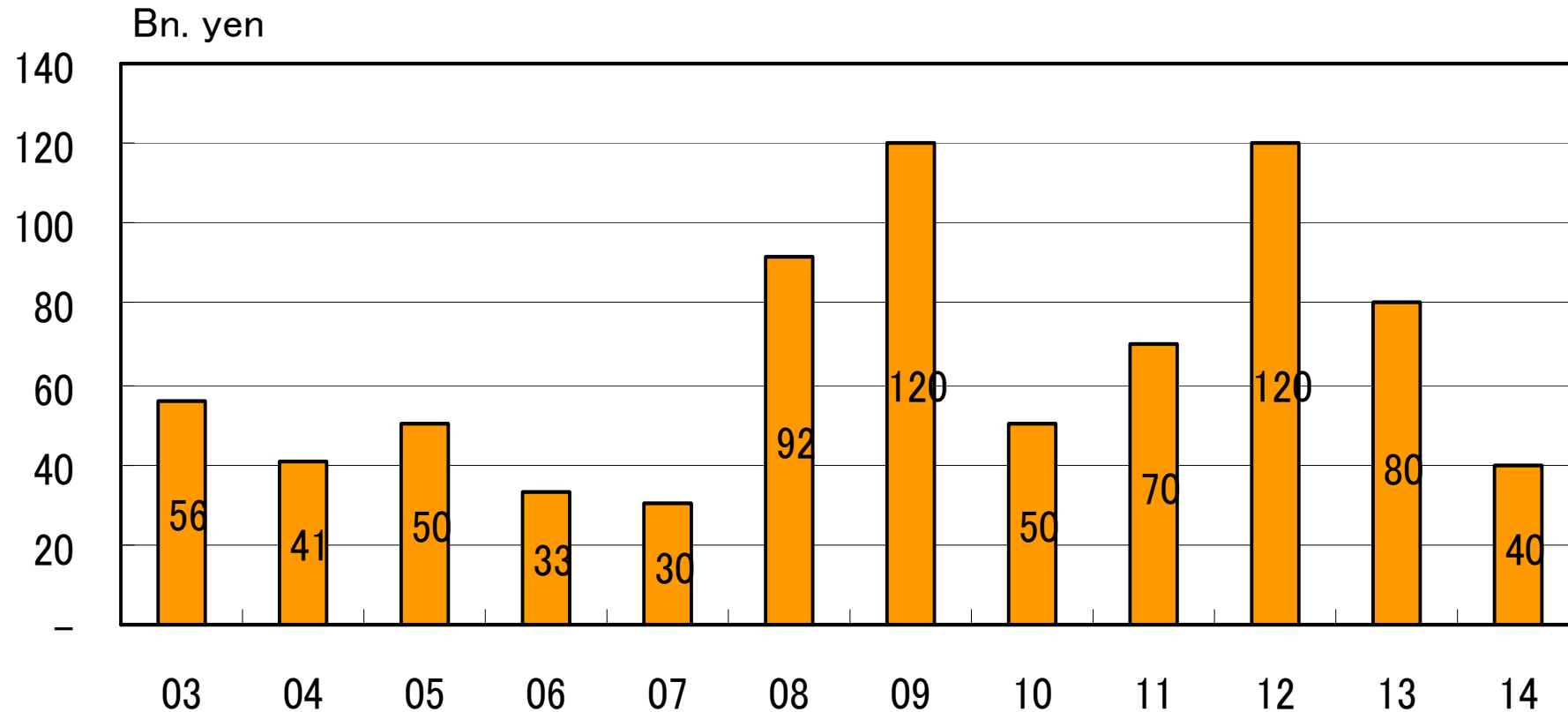


Raw Materials

Trend of Oil Prices



Cost Reduction (Steel Business)





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Classification of placed orders of JFE Engineering

(billion yen)

Category	FY2013 (A)	FY2014 (A)	Change	Current Main Orders (FY2014)
Urban Environment and Energy	264	345	81	<ul style="list-style-type: none"> - 4 Waste disposal operations related to disaster in Fukushima - Construction and maintenance work of waste to energy plants - Combined biomass power generation operation in Toyohashi-city - Sewage treatment plant in Sri Lanka - Enhancement work of gas field for INPEX - Construction of pipelines (in Kyushu, Japan and in Indonesia)
Steel Construction and Others	103	114	11	<ul style="list-style-type: none"> - Construction of steel jacket structure for wharf of Sendai Shiogama Port - Construction of bridges (in Japan, Myanmar, India etc.) - Install of Ballast water management system, "Ballast Ace", for 256 ships
Total	367	459	92	



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Net Sales of JFE Shoji (by Segment)

		FY2013 (A)		FY2014 (A)		Change	
Domestic Business		943		1,007		64	
Overseas Business	Export	450	652	452	743	2	91
	Foreign Operation	201		291		89	
Raw Materials, Equipments etc.		186		183		(3)	
TOTAL		1,781		1,934		153	



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End