



JFE

JFE Group

***Financial Results through Third Quarter of
Fiscal Year 2018 ending March 31, 2019***

JFE Holdings, Inc.

February 1, 2019



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- Dividends
- Adoption of International Financial Reporting Standards (IFRS)

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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Summary

□ Financial Forecasts for Fiscal Year 2018

JFE Holdings Inc. revises downward its ordinary income forecast to 220.0 billion yen (30.0 billion yen decrease from previous forecast) mainly due to decrease in crude steel production volume of 1 million tons from previous forecast related to operation troubles of blast furnaces in Steel Business.

□ Year end dividend

The company decided to maintain its plan to pay a year end dividend of 50 yen per share, which would bring the annual dividend of 95 yen per share.

□ Adoption of International Financial Reporting Standards (IFRS)

The company decided to adopt IFRS from the close of accounts for the fiscal year 2018 ending March 31, 2019.



**Consolidated Results through Third
Quarter of Fiscal Year 2018
(April 1 to December 31, 2018)**



Financial Results through Third Quarter of Fiscal Year 2018

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(billion yen)

	FY2017 Through 3Q	FY2018 Through 3Q	Change
Net Sales	2,670.8	2,939.1	268.3
Operating Income (Loss)	172.3	170.8	(1.5)
Non-operating Income (Expenses)	(1.8)	30.4	32.2
Ordinary Income (Loss)	170.4	201.2	30.8
Extraordinary Profit (Loss)	22.1	(5.7)	(27.8)
Profit (Loss) before Income Taxes	192.6	195.4	2.8
Tax Expense and Profit Attributable to Non-controlling Interests	(53.9)	(44.3)	(9.6)
Profit (Loss) Attributable to Owners of Parent	138.6	151.0	12.4



Financial Results through Third Quarter of Fiscal Year 2018 ^{JFE-HD}

(by Segment)

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(billion yen)

	FY2017 Through 3Q	FY2018 Through 3Q	Change
Steel Business	1,991.9	2,126.2	134.3
Engineering Business	256.6	317.9	61.3
Trading Business	1,410.5	1,558.6	148.1
Adjustments	(988.2)	(1,063.6)	(75.4)
Net Sales	2,670.8	2,939.1	268.3
Steel Business	150.2	157.0	6.8
Engineering Business	6.0	11.8	5.8
Trading Business	26.0	28.4	2.4
Adjustments	(11.9)	3.8	15.7
Ordinary Income (Loss)	170.4	201.2	30.8



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**Forecasts of Consolidated Financial
Results in Fiscal Year 2018
(April 1, 2018 to March 31, 2019)**



Financial Forecasts for Fiscal Year 2018

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(billion yen)

	Previous Forecasts (Oct. 30. 2018) Full year	Updated Forecasts (Feb. 1. 2019)			Change Full year
		Apr-Dec	Jan-Mar	Full year	
Net Sales	4,000.0	2,939.1	960.9	3,900.0	(100.0)
Operating Income	220.0	170.8	19.2	190.0	(30.0)
Non-operating Income (Expenses)	30.0	30.4	(0.3)	30.0	0.0
Ordinary Income (Loss)	250.0	201.2	18.8	220.0	(30.0)
Extraordinary Profit (Loss)	—	(5.7)	(4.3)	(10.0)	(10.0)
Profit (Loss) before Income Taxes and Minority Interests	250.0	195.4	14.6	210.0	(40.0)
Tax Expense and Profit Attributable to Non-controlling Interests	(75.0)	(44.3)	(5.7)	(50.0)	25.0
Profit (Loss) Attributable to Owners of Parent	175.0	151.0	9.1	160.0	(15.0)



Financial Forecasts for Fiscal Year 2018 (by Segment)

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(billion yen)

	Previous Forecasts (Oct. 30. 2018)	Updated Forecasts (Feb. 1. 2019)			Change Full year
		Full year	Apr-Dec	Jan-Mar	
Steel Business	2,880.0	2,126.2	703.8	2,830.0	(50.0)
Engineering Business	480.0	317.9	162.1	480.0	0.0
Trading Business	2,120.0	1,558.6	491.4	2,050.0	(70.0)
Adjustments	(1,480.0)	(1,063.6)	(396.4)	(1,460.0)	20.0
Net Sales	4,000.0	2,939.1	960.9	3,900.0	(100.0)
Steel Business	190.0	157.0	3.0	160.0	(30.0)
Engineering Business	22.0	11.8	10.2	22.0	0.0
Trading Business	35.0	28.4	6.6	35.0	0.0
Adjustments	3.0	3.8	(0.7)	3.0	0.0
Ordinary Income (Loss)	250.0	201.2	18.8	220.0	(30.0)



Financial Forecasts for Fiscal Year 2018

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(billion yen)

	FY2017 (A) Full year	FY2018 (F)			Change Full year
		Apr-Dec	Jan-Mar	Full year	
Net Sales	3,678.6	2,939.1	960.9	3,900.0	221.4
Operating Income	246.6	170.8	19.2	190.0	(56.6)
Non-operating Income (Expenses)	(30.3)	30.4	(0.3)	30.0	60.3
Ordinary Income (Loss)	216.3	201.2	18.8	220.0	3.7
Extraordinary Profit (Loss)	(2.9)	(5.7)	(4.3)	(10.0)	(7.1)
Profit (Loss) before Income Taxes and Minority Interests	213.3	195.4	14.6	210.0	(3.3)
Tax Expense and Profit Attributable to Non-controlling Interests	(68.7)	(44.3)	(5.7)	(50.0)	18.7
Profit (Loss) Attributable to Owners of Parent	144.6	151.0	9.1	160.0	15.4



Financial Forecasts for Fiscal Year 2018 (by Segment)

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(billion yen)

	FY2017 (A) Full year	FY2018 (F)			Change Full year
		Apr-Dec	Jan-Mar	Full year	
Steel Business	2,715.4	2,126.2	703.8	2,830.0	114.6
Engineering Business	391.3	317.9	162.1	480.0	88.7
Trading Business	1,907.9	1,558.6	491.4	2,050.0	142.1
Adjustments	(1,336.1)	(1,063.6)	(396.4)	(1,460.0)	(123.9)
Net Sales	3,678.6	2,939.1	960.9	3,900.0	221.4
Steel Business	198.8	157.0	3.0	160.0	(38.8)
Engineering Business	19.3	11.8	10.2	22.0	2.7
Trading Business	33.0	28.4	6.6	35.0	2.0
Adjustments	(34.9)	3.8	(0.7)	3.0	37.9
Ordinary Income (Loss)	216.3	201.2	18.8	220.0	3.7



JFE Steel

Financial Results through Third Quarter of Fiscal Year 2018



Production and Shipment

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	Unit	FY2017					FY2018		
		1Q	2Q	3Q	4Q	Full year	1Q	2Q	3Q
Crude Steel (Standalone)	Mt	7.12	6.98	7.23	7.14	28.46	7.10	6.94	6.39
Crude Steel (Consolidated)	Mt	7.53	7.38	7.63	7.52	30.06	7.51	7.33	6.79
Shipment (Standalone)	Mt	6.14	6.28	6.38	6.50	25.30	6.13	5.93	6.24
Export Ratio on Value Basis (Standalone)	%	42.1	44.2	45.1	45.9	44.4	42.4	44.2	43.5
Average Sales Prices (Standalone)	000 yen / t	74.4	73.3	77.0	76.5	75.3	79.3	81.9	82.9
Exchange Rate	¥/\$	111.5	110.9	112.6	109.7	111.2	108.1	110.9	113.4
Exchange Rate (End of Term)	¥/\$	112.0	112.7	113.0	106.2	106.2	110.5	113.6	111.0



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6.8 billion Yen increase in JFE Steel's Ordinary Income (FY17 through 3Q vs. FY18 through 3Q)

(billion yen)

JFE Steel	FY2017	FY2018			FY2018	Change
	Apr-Dec	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec		
Ordinary Income	150.2	64.4	49.7	42.8	157.0	6.8

- **Cost** ± 0.0 ⇒

- Cost reduction +12.0
 - One-off effect due to operational troubles -12.0

- **Volume and Mix** - 17.0

- **Sales and Raw materials** + 71.0

- **Metals, materials and others** - 42.0

- **Inventory valuation** + 11.0 ⇒

- Inventory valuation +5.0 (+26.0 → +31.0)
 - Carry over of raw materials +3.0 (-10.0 → -7.0)
 - Foreign exchange valuation +3.0 (+2.0 → +5.0)

- **Others** - 16.2 ⇒

- Increase in depreciation cost etc.

TOTAL **+ 6.8**



JFE Steel

Financial Forecasts for Fiscal Year 2018

Current Business Environment

□ Domestic business environment

- **Domestic steel demand remains robust.** But, there is a risk of slowdown of foreign demand including the impact of trade friction.
- In construction sector, demand of non-residential building is expected to remain solid with urban redevelopment and capital expenditures in private sector.
- In manufacturing sector, demand of automobile and industrial machinery is also expected to remain robust.

□ Overseas business environment

- **Overseas steel demand is forecast to remain stable** despite of risk of slowdown of China's economy related to trade friction etc.
- **Sales price and metal spread in China is showing signs of having bottomed out.** Market trend after Chinese New Year needs to be watched carefully.

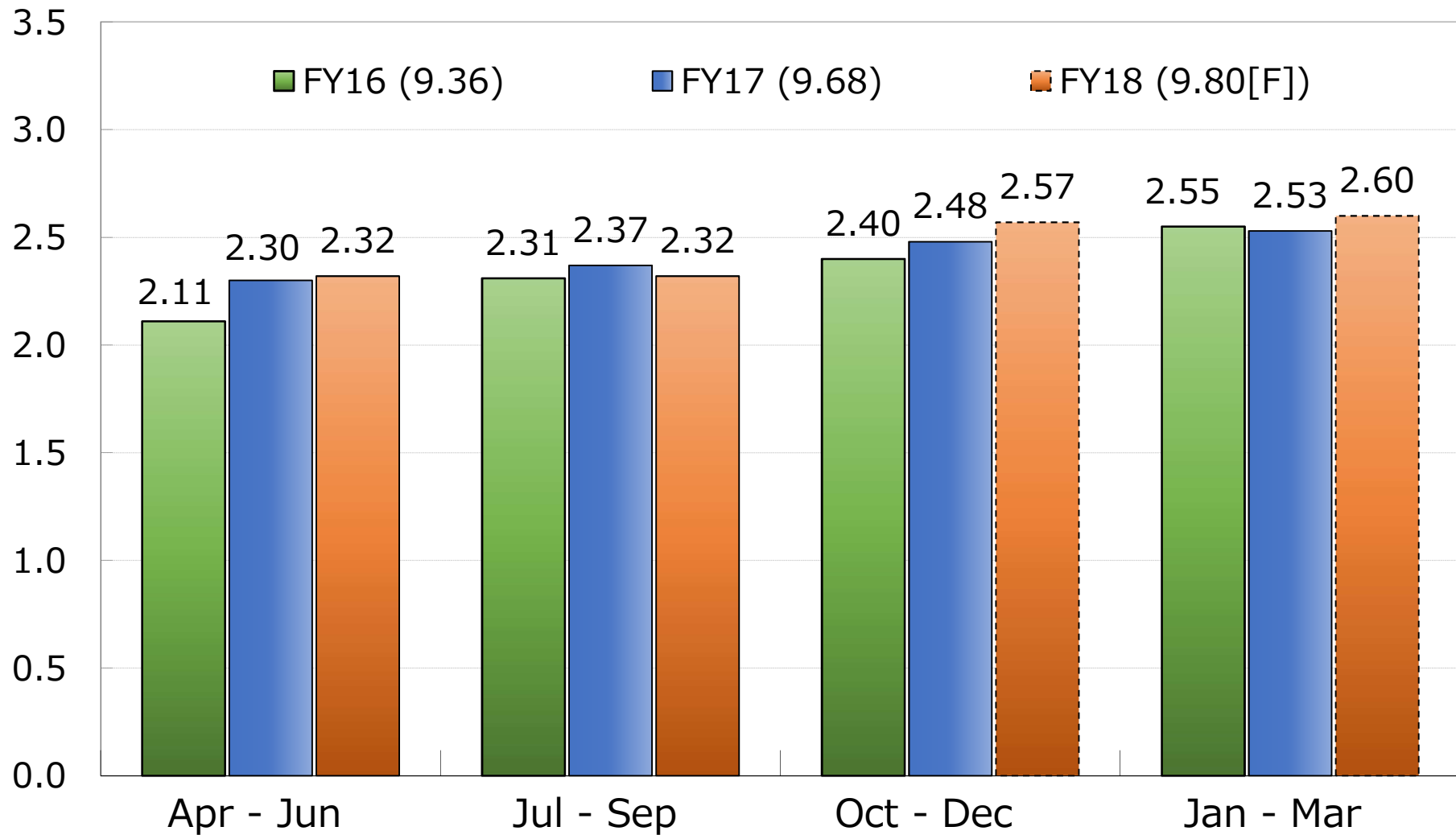


Domestic Market Environment

Outlook for domestic auto production

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(million units)



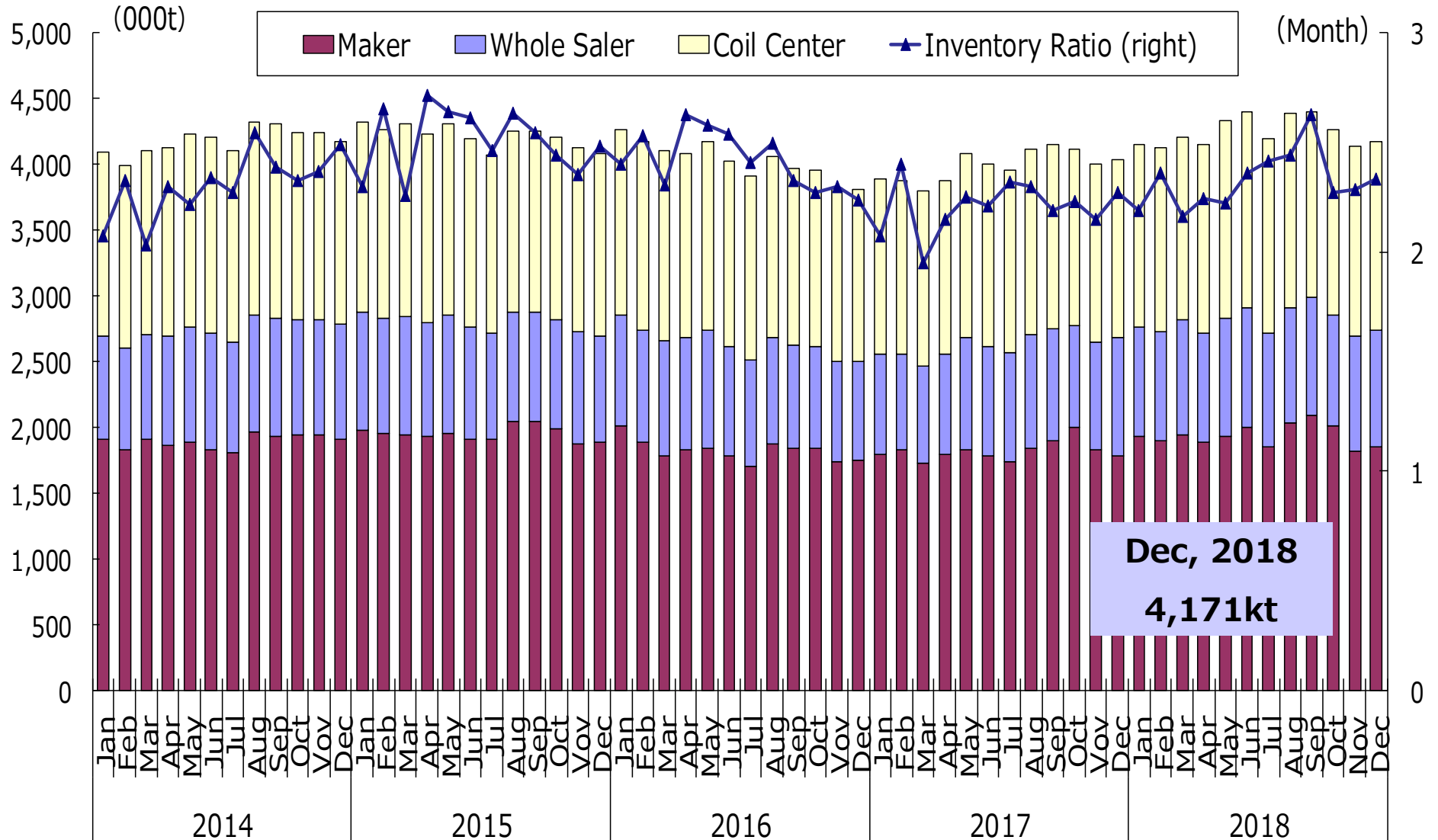


Domestic Market Environment

JFE Steel

Combined Inventories of HR, CR and Coated Steel Sheet

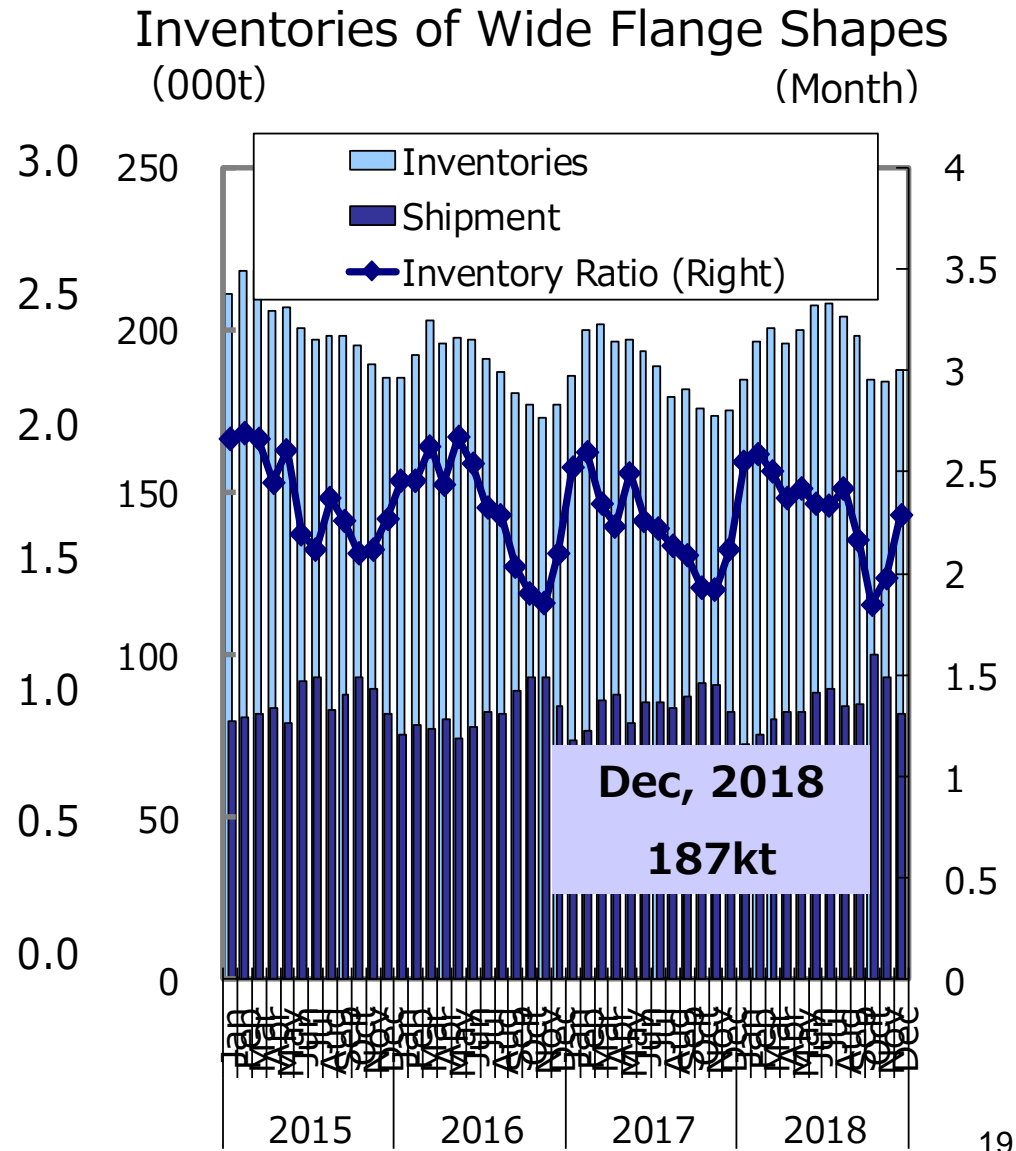
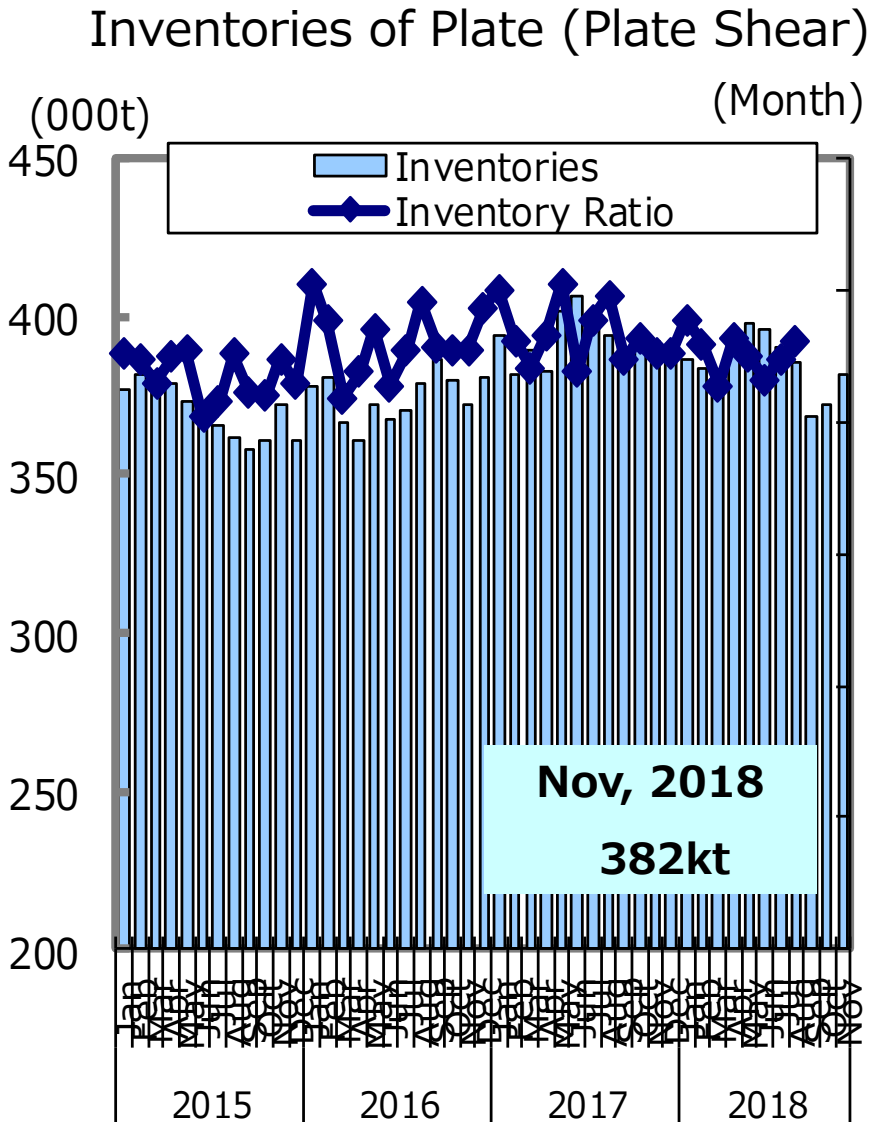
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Dec, 2018
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Inventories of Plate (Plate Shear) and Wide Flange Shapes



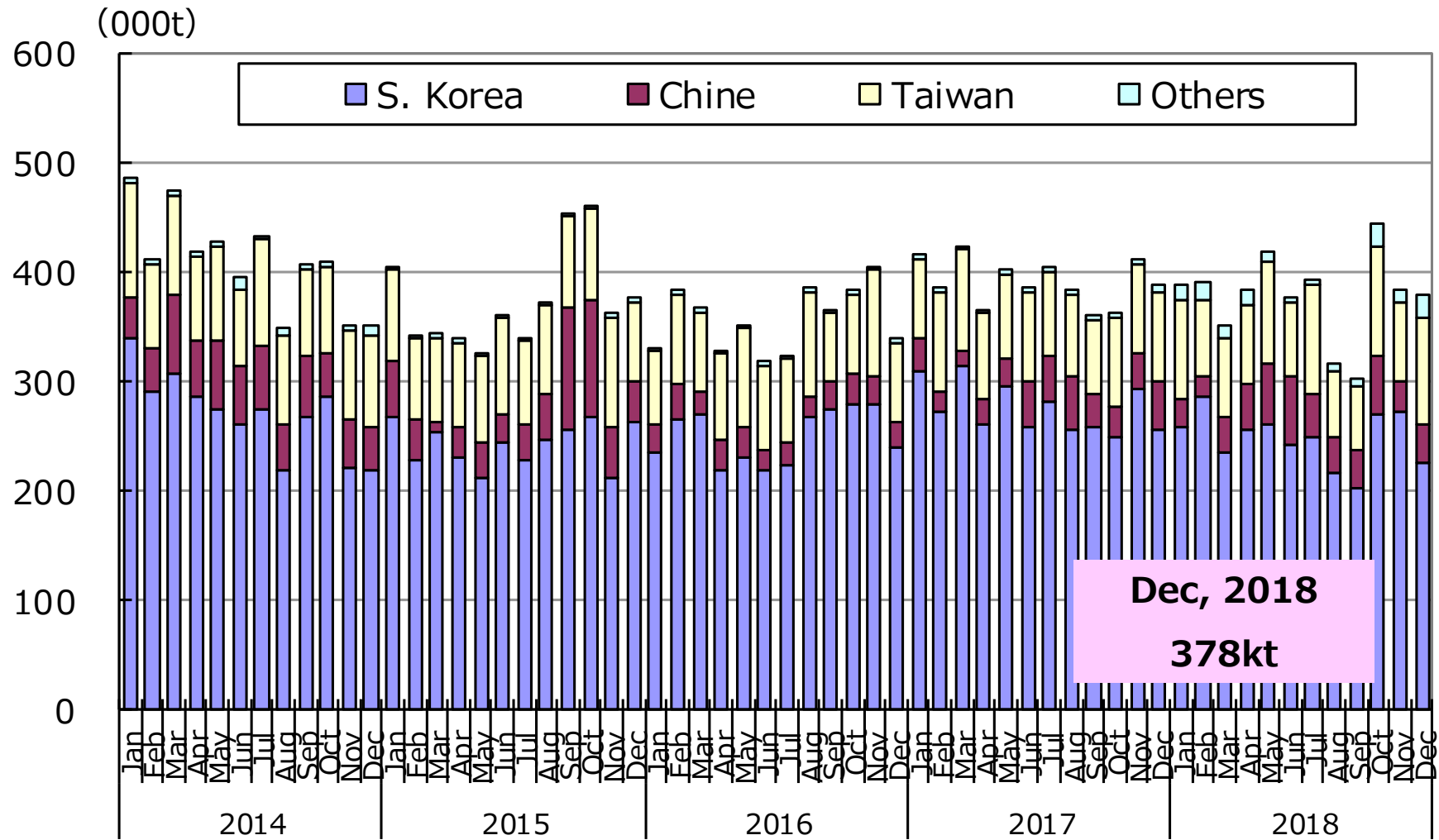


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Domestic Market Environment

Trend of Import Steel (Ordinary Steel)

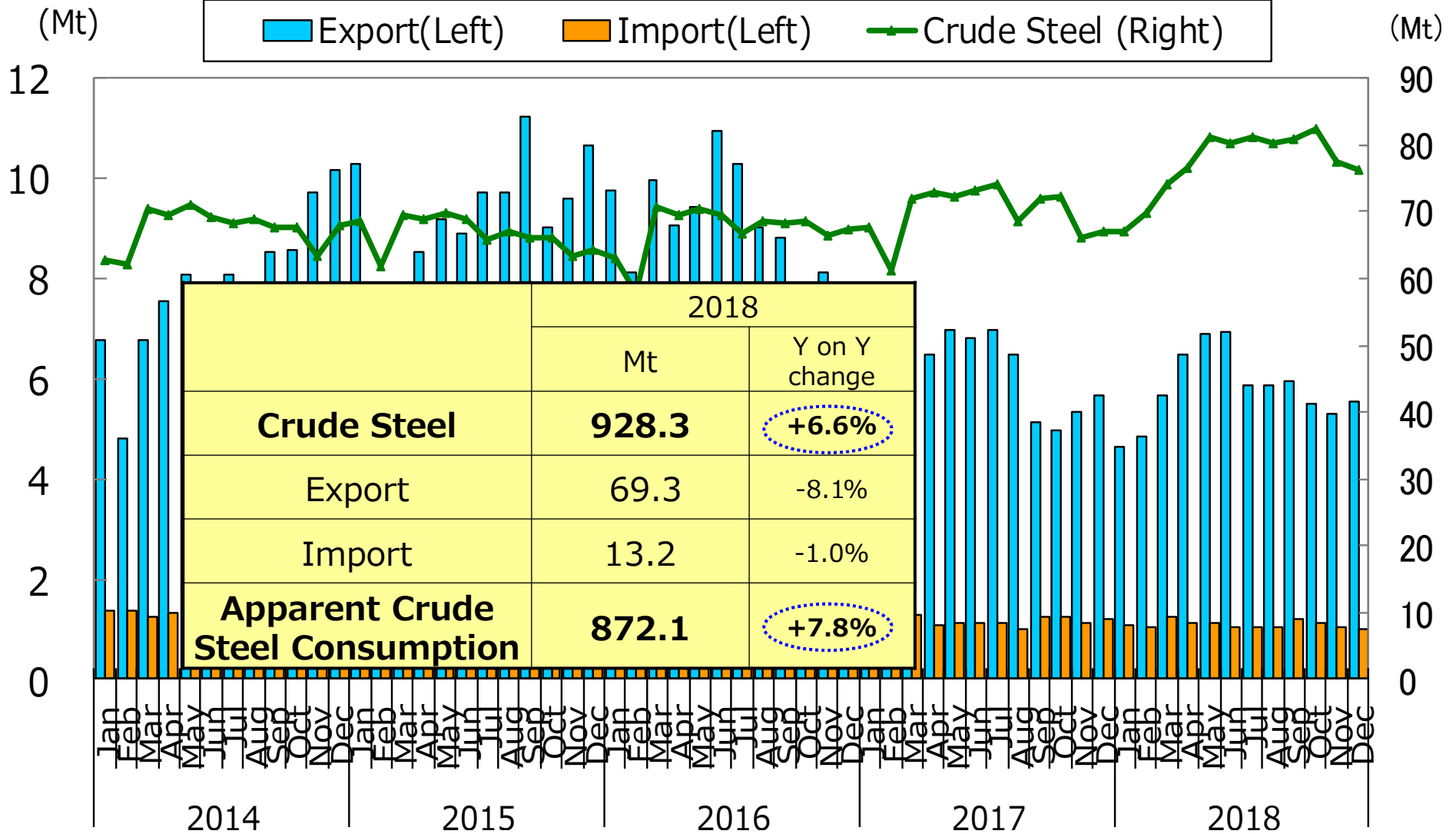
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Crude Steel & Im/Export, China

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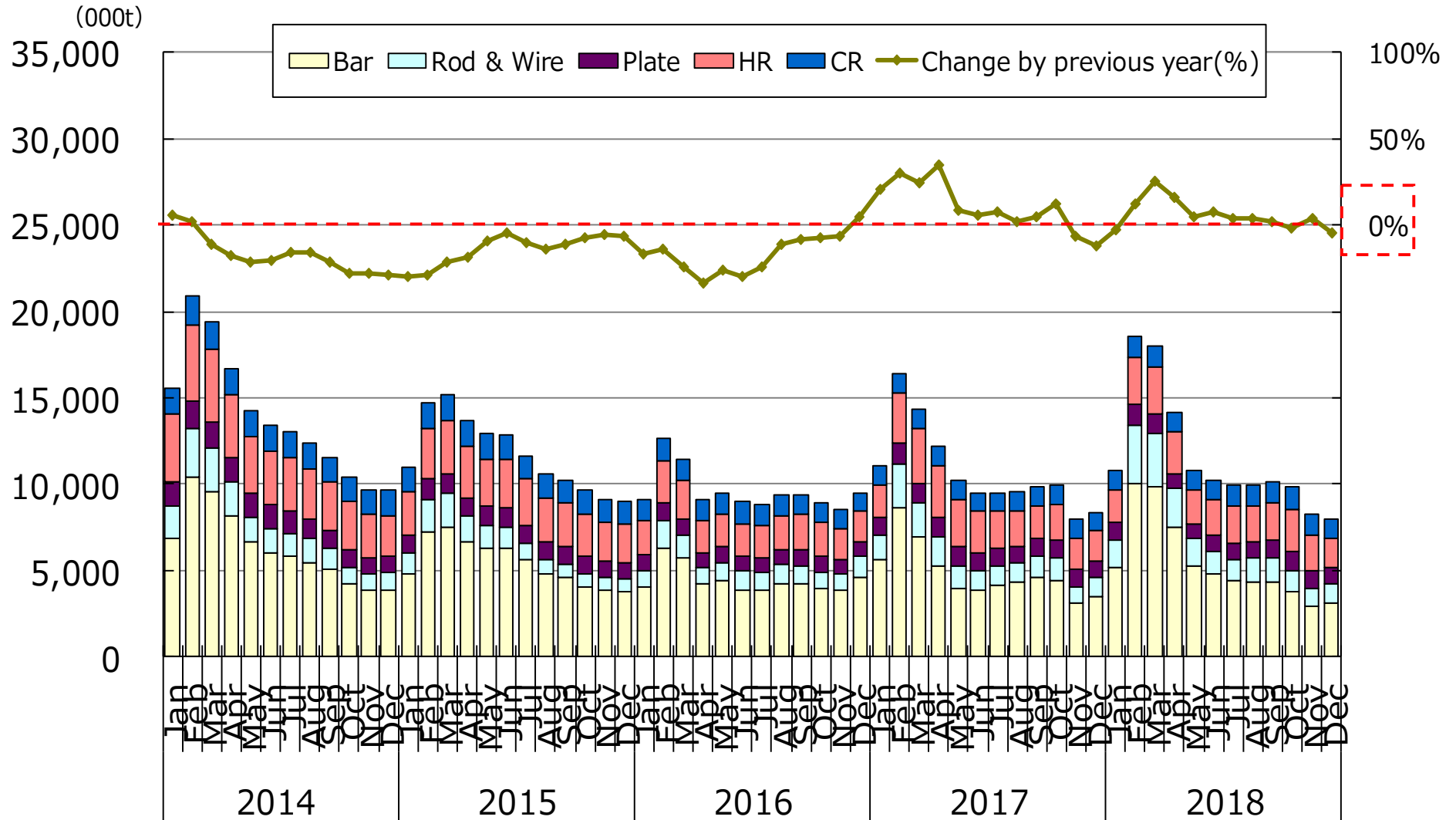


※Apparent Crude Steel Consumption : Crude Steel - Export + Import

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



Inventories in China by Products



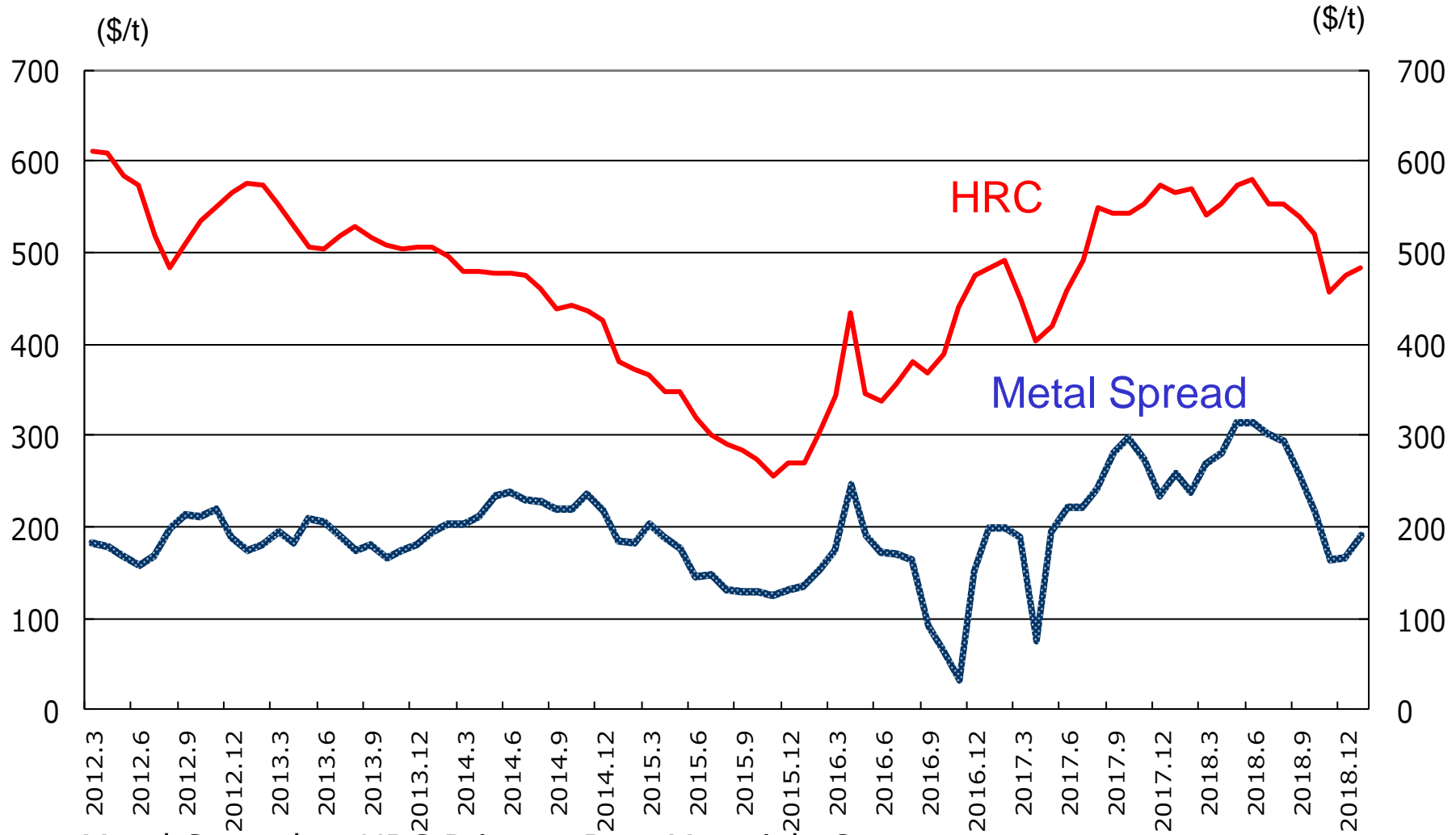


Overseas Market Environment

Metal Spread Trend (Chinese Spot Basis)

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Metal Spread = HRC Price - Raw Materials Cost

*HRC Price : Chinese Spot basis

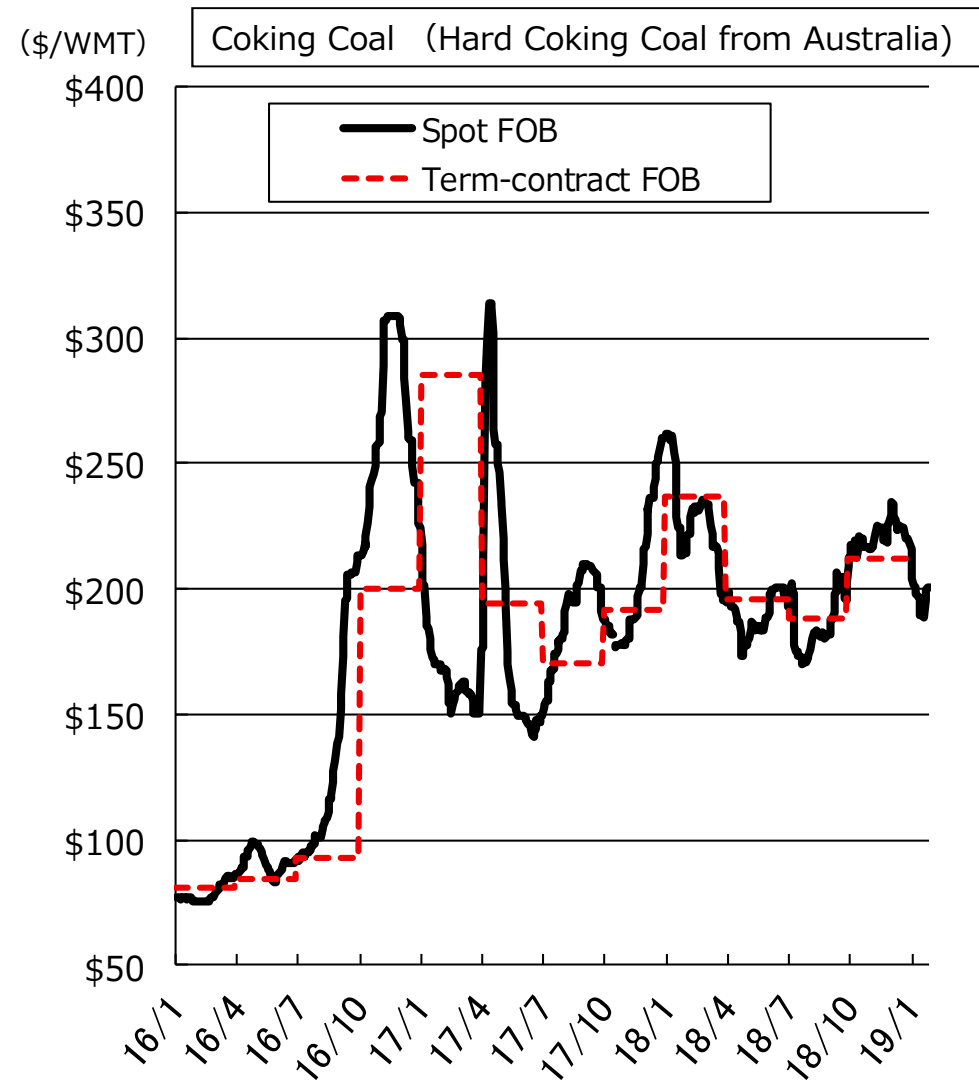
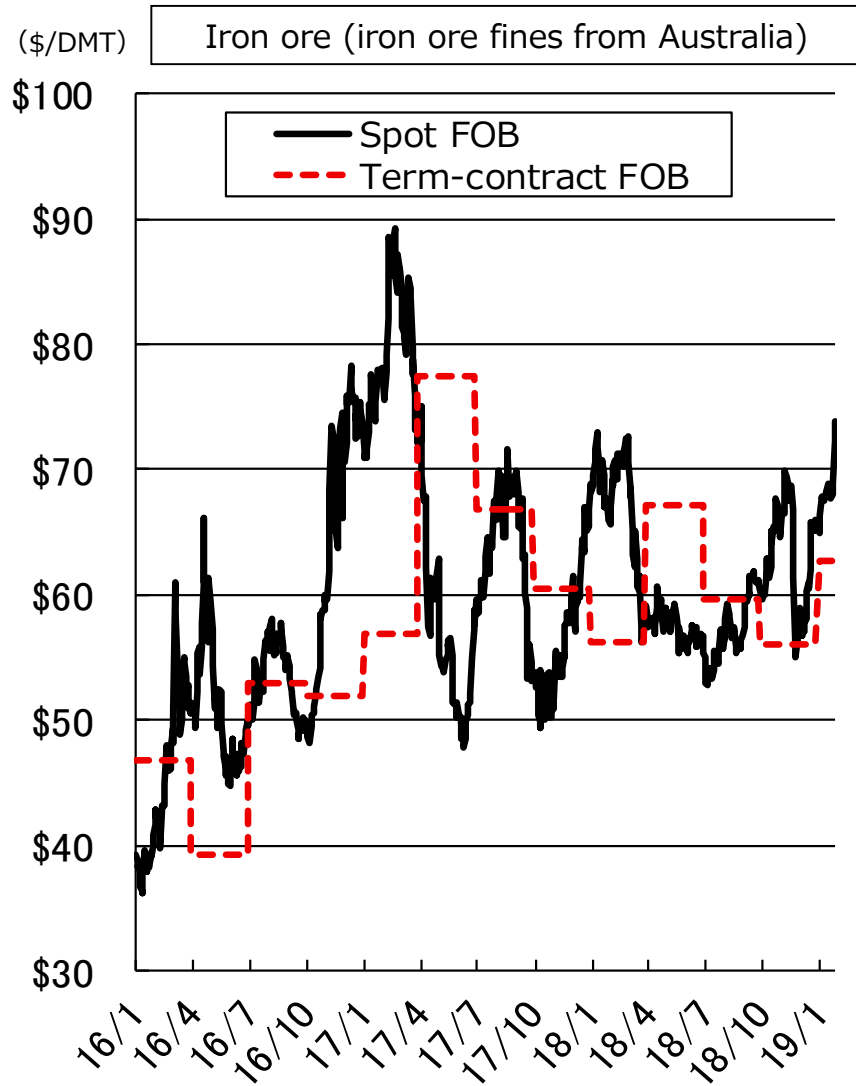
Raw Materials Cost : Calculated from market price of Iron Ore and Hard Coking Coal



Raw Materials

Raw Materials Price

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Hard Coking Coal Term-contract FOB since Apr-Jun quarter 2017
 (Apr-Jun : Mar-May spot FOB average, Jul-Sep : Jun-Aug spot FOB average,
 Oct-Dec : Sep-Nov spot FOB average, Jan-Mar : Dec-Feb spot FOB average)



Financial Forecasts for FY2018 of JFE Steel

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		FY2018	FY2018					Full year Change
		Full year Previous Forecast	1H	3Q	4Q	2H	Full year Updated Forecast	
			Actual	Actual	Forecast	Forecast		
Net Sales	Billion Yen	2,880.0	1,386.6	739.6	703.8	1,443.4	2,830.0	(50.0)
Ordinary Income	Billion yen	190.0	114.1	42.8	3.0	45.9	160.0	(30.0)

Crude Steel (Standalone)	Mt	Approx. 28.00	14.04	6.39	Approx. 6.57	Approx. 12.96	Approx. 27.00	(1.00)
Average Sales Prices (Standalone)	000 yen / t		80.6	82.9	80	81	81	
Exchange rate	¥/\$	Approx. 110	109.5	113.4	110	112	111	

Breakdown of 1.0Mt decrease in crude steel due to operational troubles

- Kurashiki No.2 Blast Furnace (0.3Mt) (annual total (0.7Mt))
- Chiba No.6 Blast Furnace (0.4Mt) ※resumed its operation
- Fukuyama No.4 Blast Furnace (0.3Mt)



30.0 Billion Yen decrease in JFE Steel's Ordinary Income (FY18 (Previous Forecast) vs. FY18 (Updated Forecast))

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(billion yen)

JFE Steel	FY18 Previous	FY18 Updated	Change FY18→FY18
Ordinary Income	190.0	160.0	(30.0)

Crude Steel (standalone) Mt	28.00	27.00	(1.00)
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Annual total one-off effect on ordinary income by natural disasters and operational troubles

Decrease in crude steel -2.00Mt (29.00 → 27.00Mt) per year

- **Cost** - 15.0
- **Volume and Mix** - 20.0
- **Sales and Raw materials** - 10.0
- **Inventory valuation** + 16.0
- **Others** - 1.0

• Cost	-20	} -60
• Volume and Mix	-40	

• Inventory valuation	+13.0 (+20.0→+33.0)
• Carry over of raw materials	+3.0 (-6.0→-3.0)
• Foreign exchange valuation	± 0.0 (+3.0→+3.0)

TOTAL - 30.0



38.8 Billion Yen decrease in JFE Steel's Ordinary Income (FY17 (Actual) vs. FY18 (Forecast))

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	(billion yen)		
JFE Steel	FY17 Actual	FY18 Forecast	Change FY17→FY18
Ordinary Income	198.8	160.0	(38.8)

Crude Steel (standalone) Mt	28.46	27.00	(1.46)
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- **Cost** ± 0.0 ⇒

- Cost reduction +20.0
 - One-off effect due o operational troubles -20.0
- **Volume and Mix** - 30.0
- **Sales and Raw materials** + 72.0
- **Metals, materials and others** - 55.0
- **The cost of strengthening manufacturing capabilities** - 30.0
- **Inventory valuation** + 6.0
- **Others** - 1.8 ⇒

- Inventory valuation +6.0 (+27.0→+33.0)
 - Carry over of raw materials -7.0 (+4.0→-3.0)
 - Foreign exchange valuation +7.0 (-4.0→+3.0)

TOTAL - 38.8

JFE Engineering

Financial Forecasts

for Fiscal Year 2018



Financial Forecasts for FY18 of JFE Engineering

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(billion yen)

	FY2018 (Previous)		FY2018 (Updated)		Change	
	2H	Full year (F)	2H	Full year (F)	2H	Full year
Orders	228.2	500.0	228.2	500.0	±0	±0
Net Sales	287.2	480.0	287.2	480.0	±0	±0
Ordinary Income	15.1	22.0	15.1	22.0	±0	±0



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Financial Forecasts for FY18 of JFE Engineering

(billion yen)

	FY2017 (A)		FY2018 (F)		Change	
	2H	Full year	2H	Full year	2H	Full year
Orders	273.3	495.5	228.2	500.0	(45.1)	4.5
Net Sales	231.0	391.3	287.2	480.0	56.2	88.7
Ordinary Income	16.8	19.3	15.1	22.0	(1.7)	2.7

【Change (Full year)】

- Sales: Increase with increase in orders in the previous year
- Ordinary income: Increase with increase in net sales etc.



Classification of placed orders

(billion yen)

Category	FY2017 (A)	FY2018 (F)	Change	Main Orders (FY2018)
Environment	234.2	210.0	(24.2)	<ul style="list-style-type: none"> - Construction of waste incineration plants in Tottori and Shimane - Improvement works of the waste incineration plant in Miyagi - Construction of the treatment facility of seepage water at final waste disposal site in Tottori - Volume reduction works of disaster waste - Construction of the wastewater treatment plant [Hanoi, Vietnam]
Energy	126.9	130.0	3.1	<ul style="list-style-type: none"> - Construction of the LNG station - Construction of the Pipeline (1st phase of the Southern part line [Aichi])
Social Infrastructure etc.	134.4	160.0	25.6	<ul style="list-style-type: none"> - Construction of the bridges (Haruta No.3 bridge [Nagoya], Izushima bridge [Miyagi], Joyo Nishi bridge [Kyoto]) - Reconstruction of the bridges (Metropolitan expressway, Shibuya station west entrance pedestrian bridge) - Emergency repair work of the bridge [Yamaguchi] - Construction of the container cranes [Shizuoka, Kochi] - Construction of the transport and storage facility of woody biomass [Yamaguchi] - Construction of the smart-agriculture plant [Tochigi]
Total	495.5	500.0	4.5	

JFE Shoji Trade Financial Forecasts for Fiscal Year 2018



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Financial Forecasts for FY2018 of JFE Shoji Trade

(billion yen)

	FY2018 (Previous)		FY2018 (Updated)		Change Change	
	2H	Full year (F)	2H	Full year (F)	2H	Full year
Net Sales	1,101.8	2,120.0	1,031.8	2,050.0	(70.0)	(70.0)
Ordinary Income	15.9	35.0	15.9	35.0	± 0	± 0

【Change】

(Full year)

- Sales: Decrease in sales volume with decrease in crude steel production of JFE Steel
- Ordinary income: Increase in profitability of subsidiaries in North America covers the impact of sales volume decrease.



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Financial Forecasts for FY2018 of JFE Shoji Trade

(billion yen)

	FY2017 (Actual)		FY2018 (Forecast)		Change	
	2H	Full year	2H	Full year	2H	Full year
Net Sales	991.7	1,907.9	1,031.8	2,050.0	+40.1	+142.1
Ordinary Income	16.8	33.0	15.9	35.0	(0.9)	+2.0

【Ordinary Income Change】

(Full year)

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



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Net Sales of JFE Shoji Trade (by Segment)

(billion yen)		FY2017 (Actual)		FY2018 (Forecast)		Change	
Domestic Business		966.9		1,050.0		+83.1	
Overseas Business	Export	461.7	779.3	480.0	820.0	+18.3	+40.7
	Foreign Operation	317.6		340.0		+22.4	
Raw Materials, Equipment etc.		161.7		180.0		+18.3	
TOTAL		1,907.9		2,050.0		+142.1	

JFE Holdings

Financial Forecasts

for Fiscal Year 2018



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JFE-HD

Financial Forecasts for Fiscal Year 2018

(billion yen)

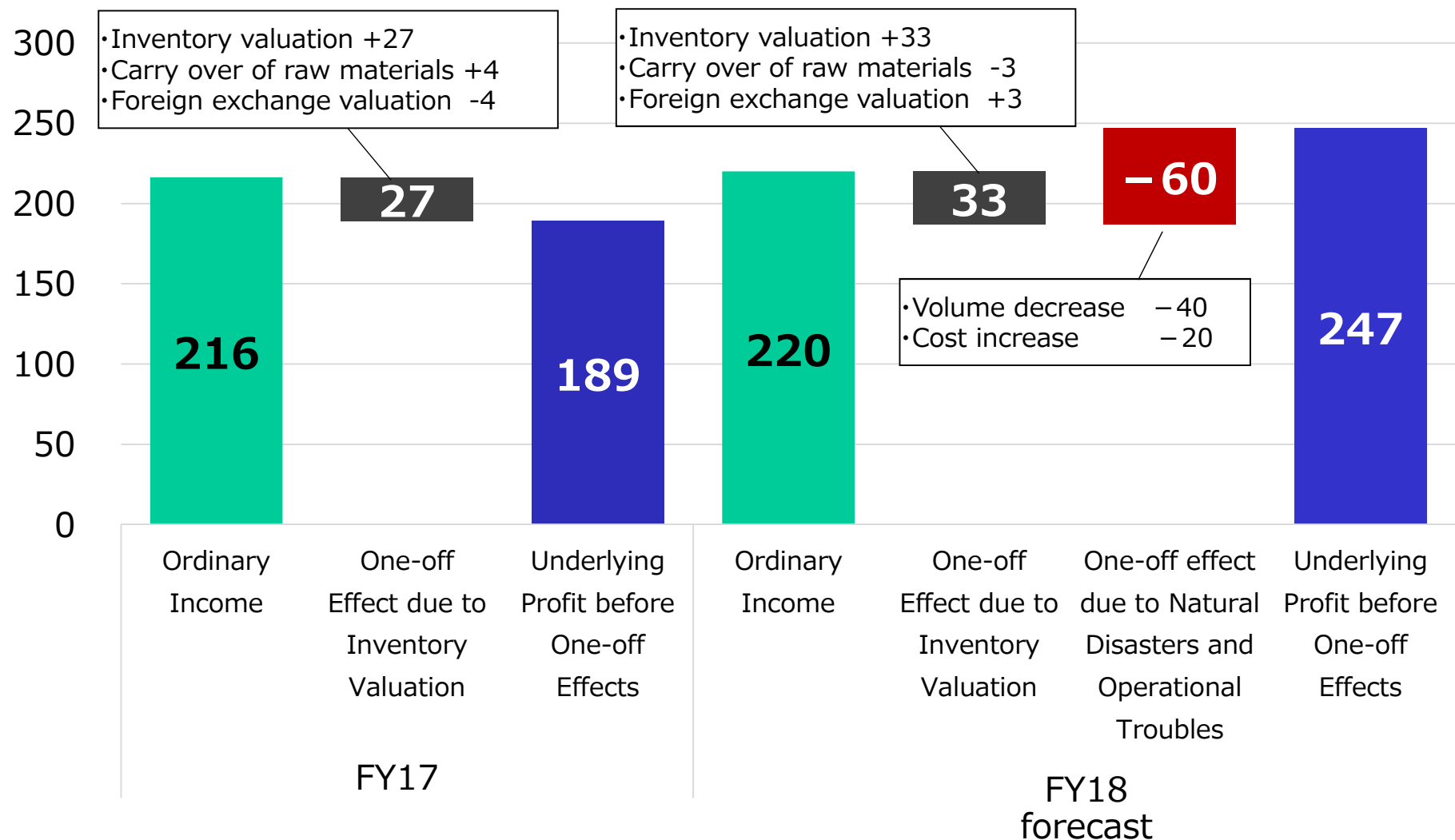
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Non-operating Income (Expenses)	(30.3)	30.4	(0.3)	30.0	60.3
Ordinary Income (Loss)	216.3	201.2	18.8	220.0	3.7
Extraordinary Profit (Loss)	(2.9)	(5.7)	(4.3)	(10.0)	(7.1)
Profit (Loss) before Income Taxes and Minority Interests	213.3	195.4	14.6	210.0	(3.3)
Tax Expense and Profit Attributable to Non-controlling Interests	(68.7)	(44.3)	(5.7)	(50.0)	18.7
Profit (Loss) Attributable to Owners of Parent	144.6	151.0	9.1	160.0	15.4



Underlying Profit before One-off Effects

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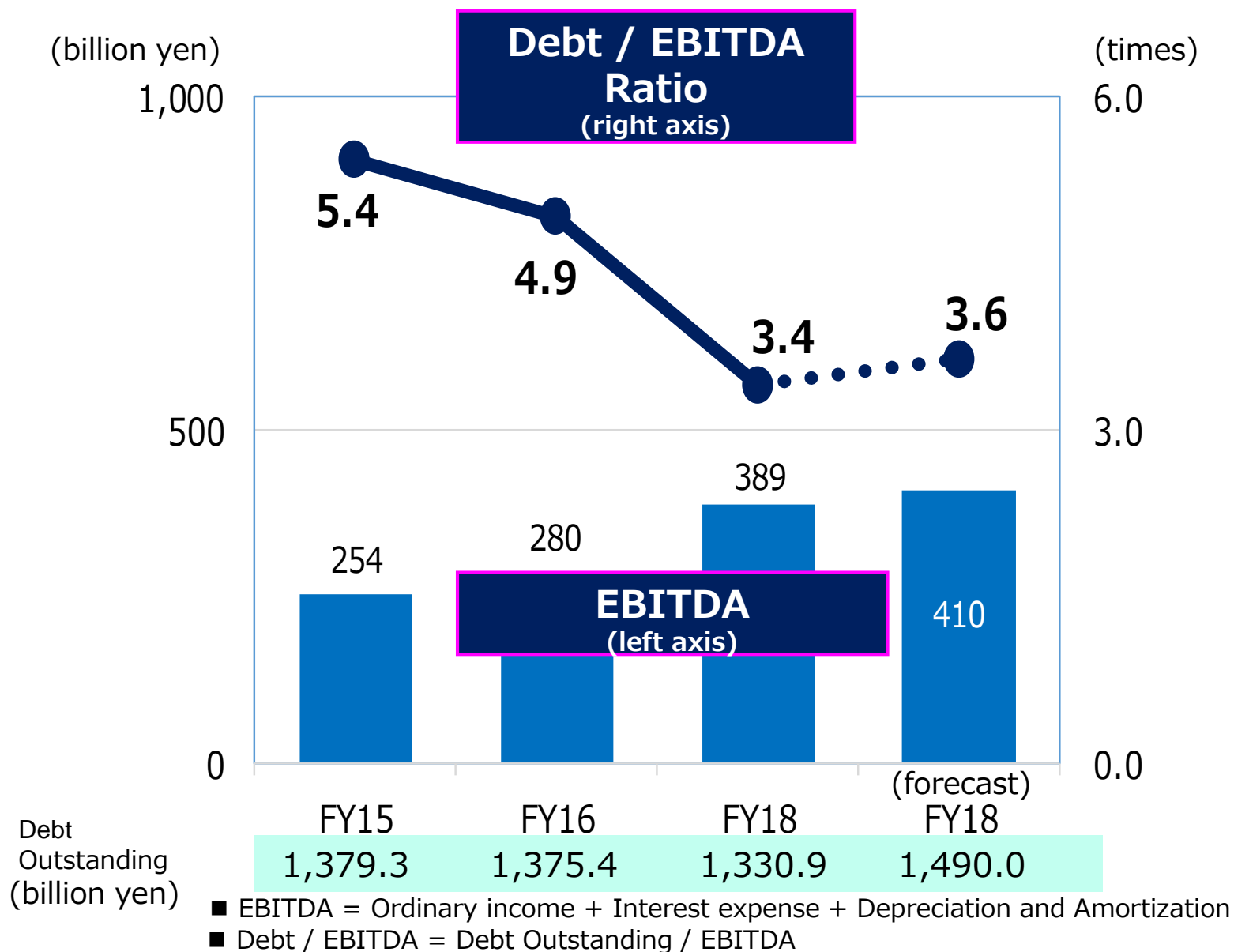
(billion yen)





Debt / EBITDA Ratio

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Cash Flow Forecast for FY2018

(billion yen)

Source		Usage	
Net Income	160	Dividends	55
		Capex, Investments	310
Depreciation	180	Working Capital etc.	135
Debt	160		

Dividends

Dividends

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

Adoption of International Financial Reporting Standards (IFRS)



Adoption of International Financial Reporting Standards

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- JFE Holdings, Inc. announces herewith that its board of directors passed a resolution approving the company's adoption of International Financial Reporting Standards (IFRS), replacing the Japanese Generally Accepted Accounting Principles (JGAAP) that had been applied until this time, for consolidated financial statements starting from the close of accounts for the fiscal year 2018 ending March 31, 2019. The change is aimed at facilitating the international comparability of the company's financial statements in capital markets as the company continues to develop its global business, and to strengthen group management by standardizing accounts processing.

Scheduled disclosures for adoption of IFRS

Accounting Period		Documents disclosed	Accounting standard applied
Fiscal Year 2018 Ending March 31, 2019	3Q	Quarterly financial results Quarterly reports	JGAAP
	End of fiscal year	Financial results Consolidated financial statements Securities reports	IFRS



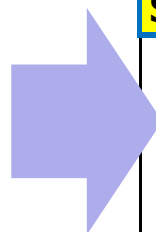
Comparative Table of JGAAP and IFRS

-JFE Holdings Financial Forecast for FY2018-

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(billion yen)

JGAAP	
Net Sales	3,900.0
Operating Income	190.0
Non-operating Income (Expenses)	30.0
Ordinary Income (Loss)	220.0
Steel Business	160.0
Engineering Business	22.0
Trading Business	35.0
Adjustments	3.0
Extraordinary Income (Loss)	(10.0)
Profit Before Income Taxes	210.0
Profit Attributable to Owners of Parent	160.0



IFRS		
Sales Revenue		3,800.0
Business Income	A	233.0
Financial Income	B	(13.0)
Segment Income	A+B	220.0
Steel Business		160.0
Engineering Business		22.0
Trading Business		35.0
Adjustments		3.0
Exceptional Items		(10.0)
Profit Before Income Taxes		210.0
Profit Attributable to Owners of Parent		160.0

- **Business Income** : Income that exclude financial income and exceptional items from profit before income taxes
- **Segment Income** : Income that add financial income to Business Income
- **Exceptional Items** : Items with transient nature of importance the amount

Appendix



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Main Financial Data

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(Forecast)

	FY03	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
(bn. Yen, times)													
Ordinary Income	218.3	502.9	400.5	69.2	165.8	52.9	52.2	173.6	231.0	64.2	84.7	216.3	220.0
EBITDA *1	432.3	741.4	670.8	337.1	428.9	306.3	260.6	368.9	421.5	254.4	279.9	388.8	410.0
ROS *2	8.8%	14.2%	10.2%	2.4%	5.2%	1.7%	1.6%	4.7%	6.0%	1.9%	2.6%	5.9%	5.6%
ROE *3	15.9%	17.5%	13.7%	3.3%	4.1%	-2.6%	2.7%	6.3%	7.7%	1.8%	3.7%	7.6%	8.1%
ROA *4	6.5%	13.0%	10.0%	2.2%	4.6%	1.7%	1.6%	4.5%	5.5%	1.7%	2.3%	5.2%	5.1%
Debt Outstanding *5	1,837	1,281	1,768	1,468	1,496	1,593	1,596	1,534	1,501	1,379	1,375	1,331	1,490
Debt/EBITDA Ratio	x4.3	x1.7	x2.6	x4.4	x3.5	x5.2	x6.1	x4.2	x3.6	x5.4	x4.9	x3.4	x3.6
D/E Ratio *6	246.2%	61.4%	98.9%	75.5%	76.5%	83.5%	76.9%	67.9%	59.0%	56.9%	51.4%	58.1%	63.9%
Profit attributable to owners of parent (yen/share)	185.8	450.5	355.6	86.3	110.7	-68.7	71.2	177.4	241.6	58.4	117.8	250.8	277.7
Dividend (yen/share)	30	120	90	20	35	20	20	40	60	30	30	80	95
Pay-out Ratio	16.1%	26.6%	25.3%	23.2%	31.6%	-	28.1%	22.5%	24.8%	51.4%	25.5%	31.9%	34.2%

*1 EBITDA = Ordinary income + Interest expense + Depreciation and Amortization

*2 ROS = Ordinary income / Net sales

*3 ROE (full year) = Profit attributable to owners of parent / Shareholders' equity

*4 ROA (full year) = Ordinary income before interest expense / Total assets (average),
ROA (first half) = Ordinary income before interest expense x 2 / Total assets (average)

*5 Debt/EBITDA ratio = Debt outstanding / EBITDA

*6 D/E ratio = Debt outstanding / Shareholders' equity. Debt having a capital component is deemed to be capital, as assessed by rating agencies.

*Debt having a capital component (subordinated borrowings)

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



Adoption of International Financial Reporting Standards

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■ Comparative Table of JGAAP and IFRS Profit and Loss statement

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

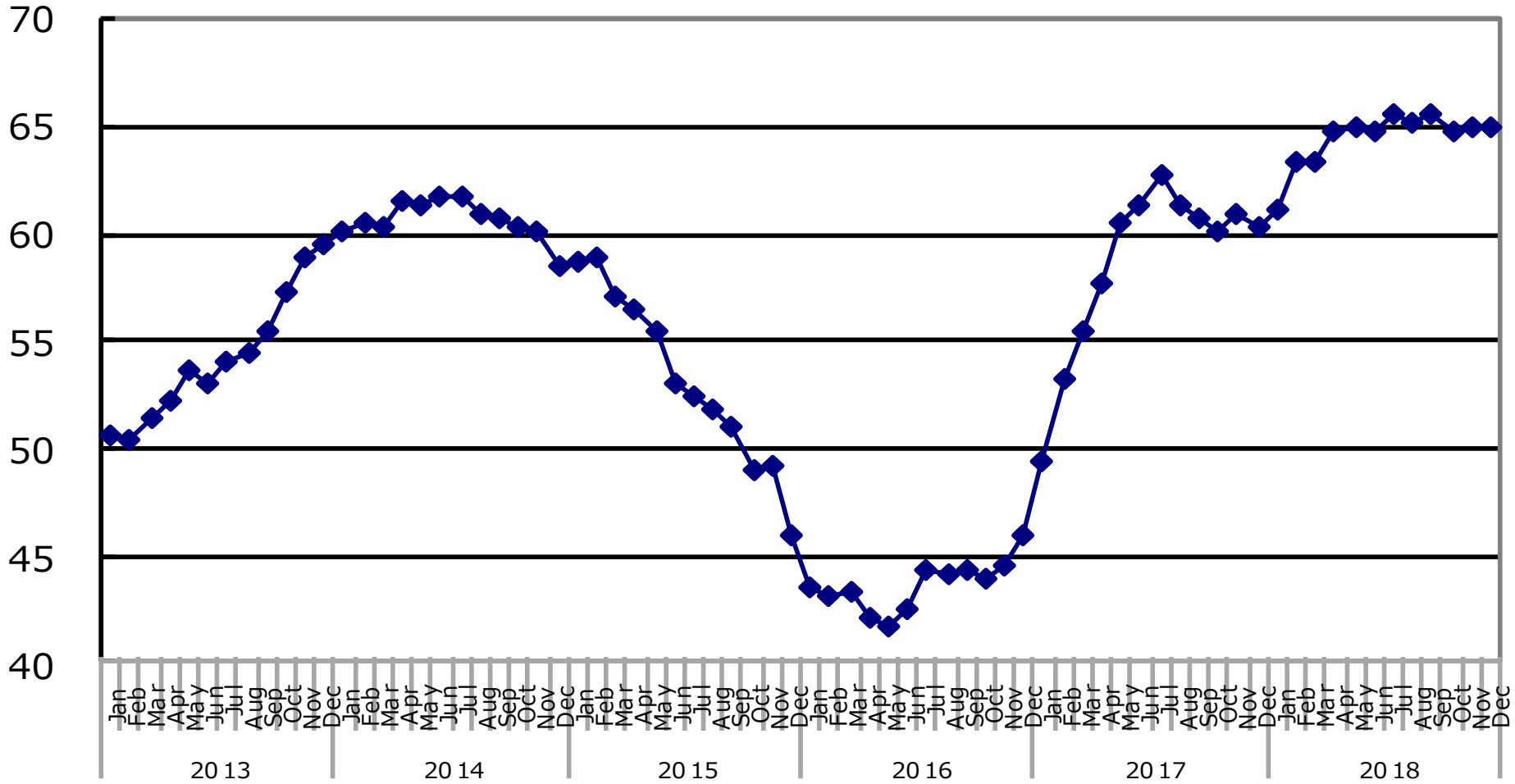
Gain or Loss on sales of securities and gain or loss on valuation of securities are reclassified to other comprehensive income



Price Trend of Import Steel

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(000 yen/ton)

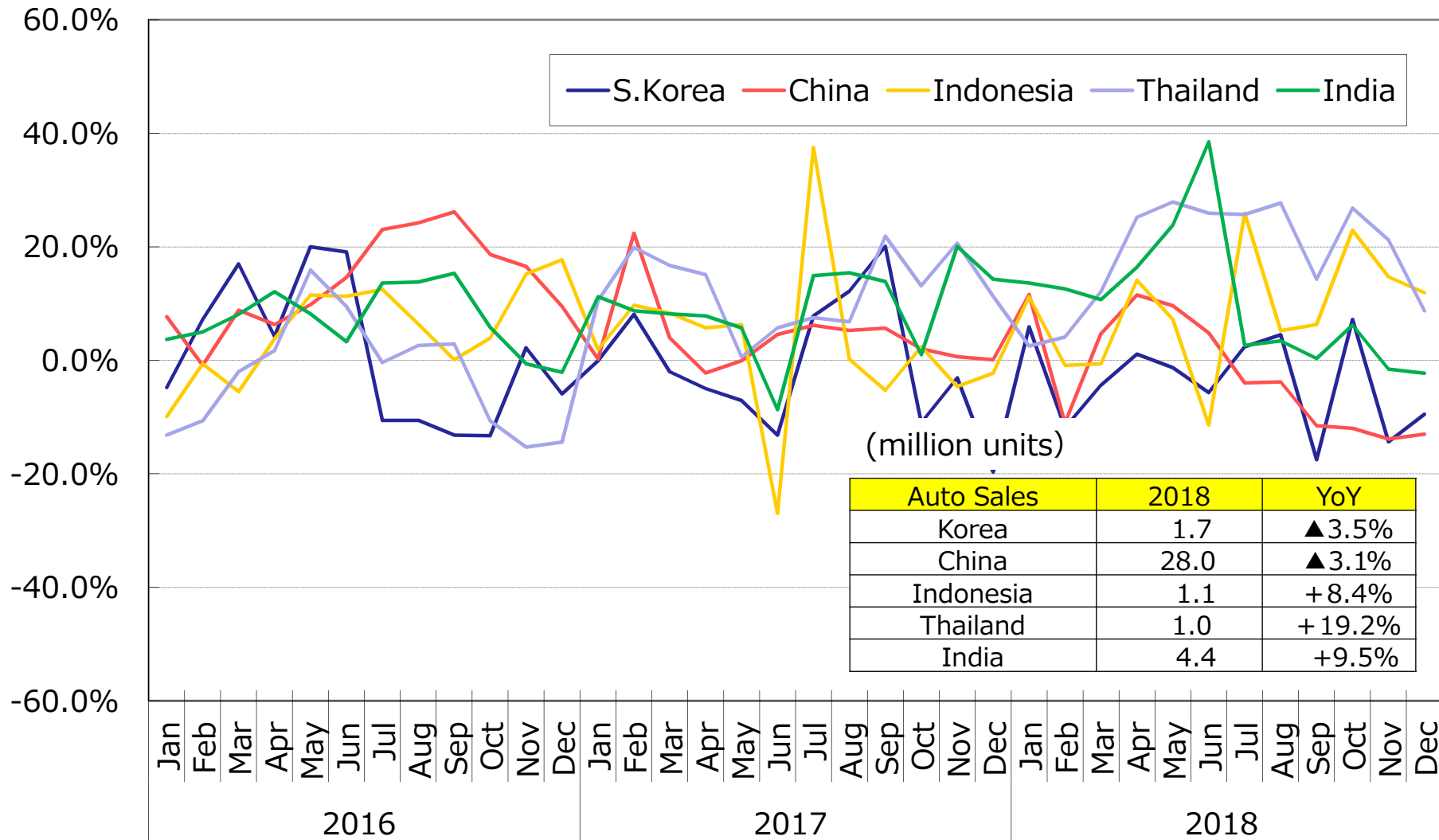


Data: Japanese Steel Association
Import Steel from S. Korea



Auto Sales in Key Countries

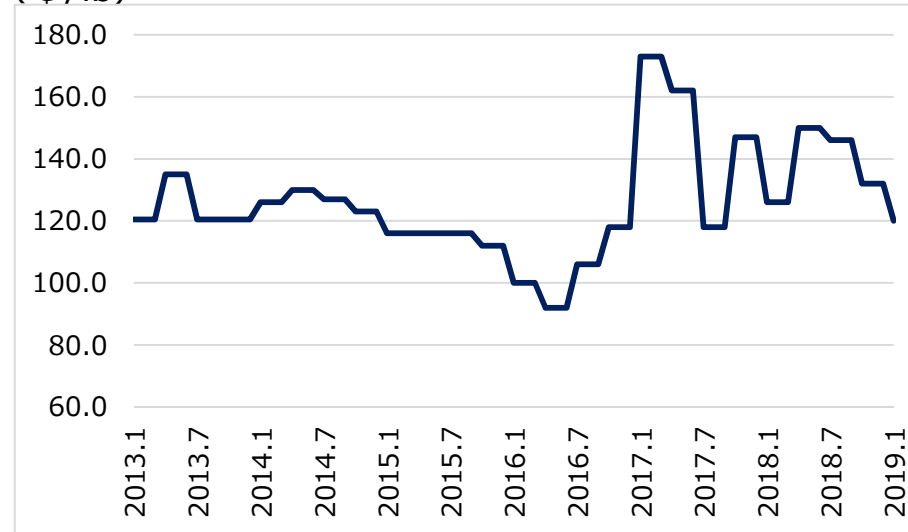
Automobile Sales in Key Countries (YoY Change)



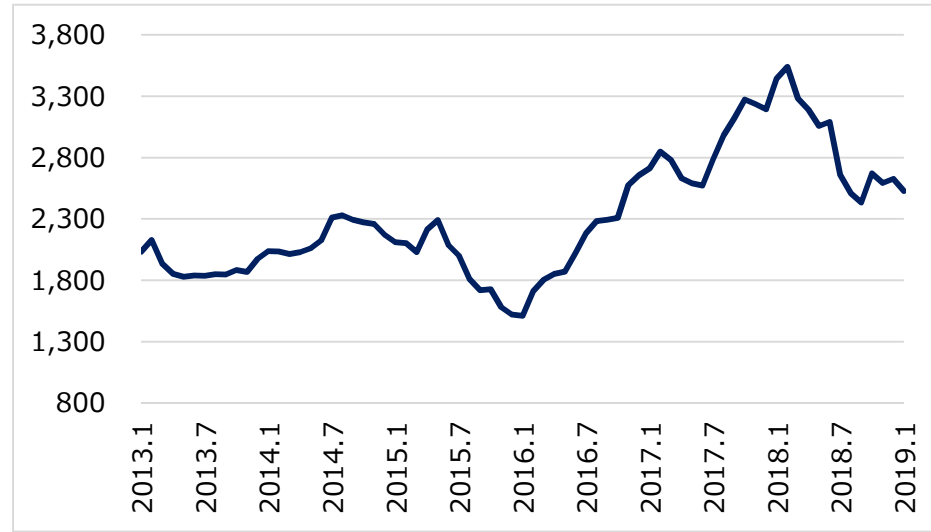


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(¢/lb) FeCr



(U\$/t) Zn



(U\$/t) FeMn

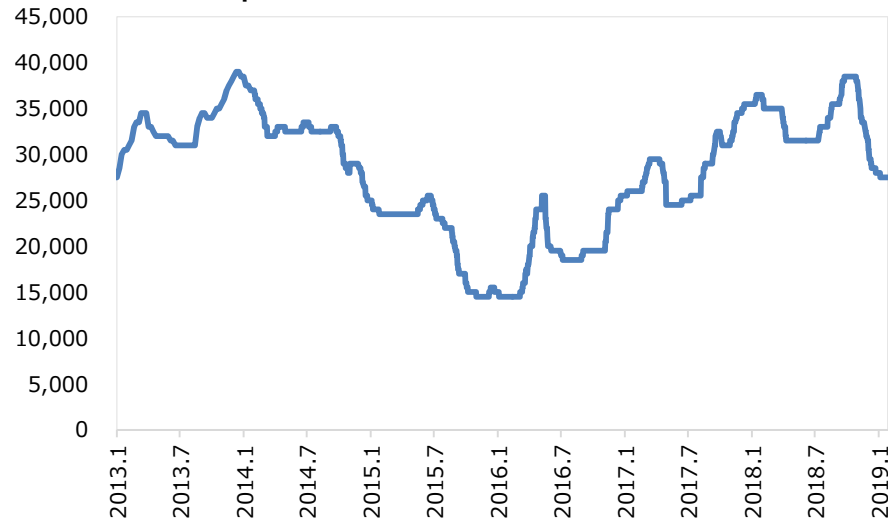


(U\$/lb) Mo

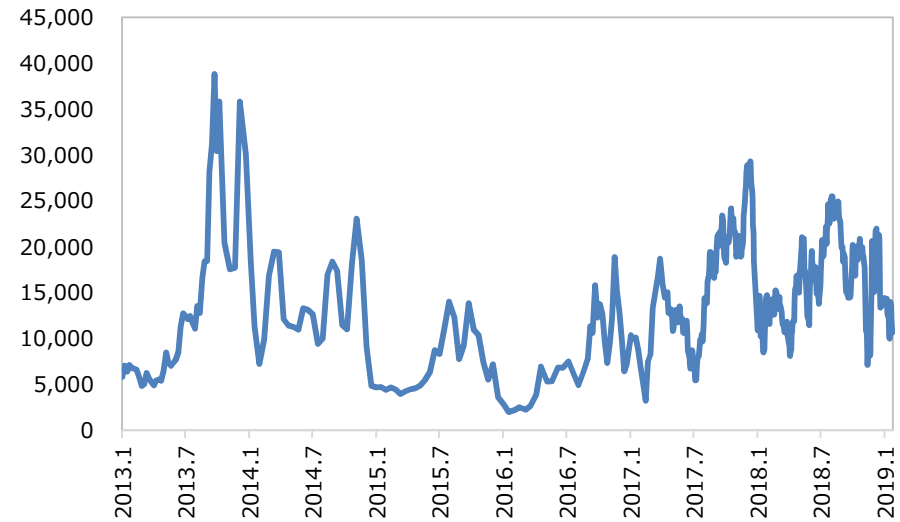




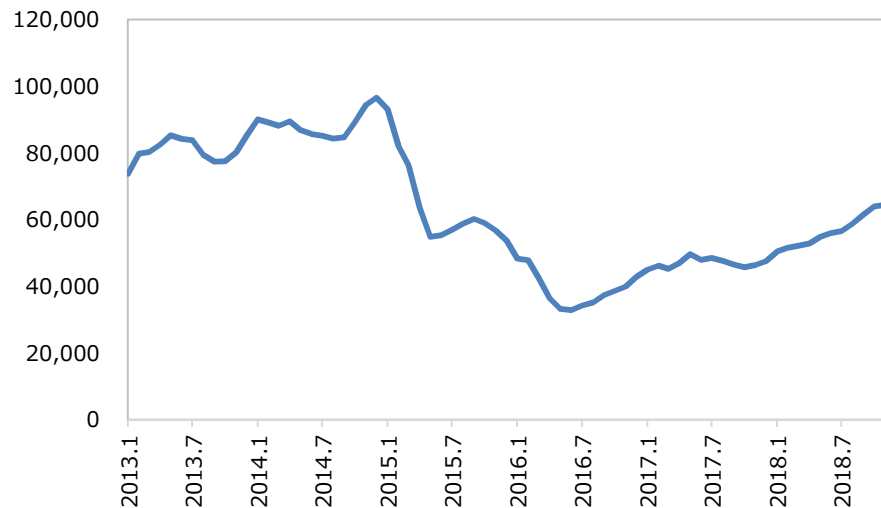
(yen/t) Scrap



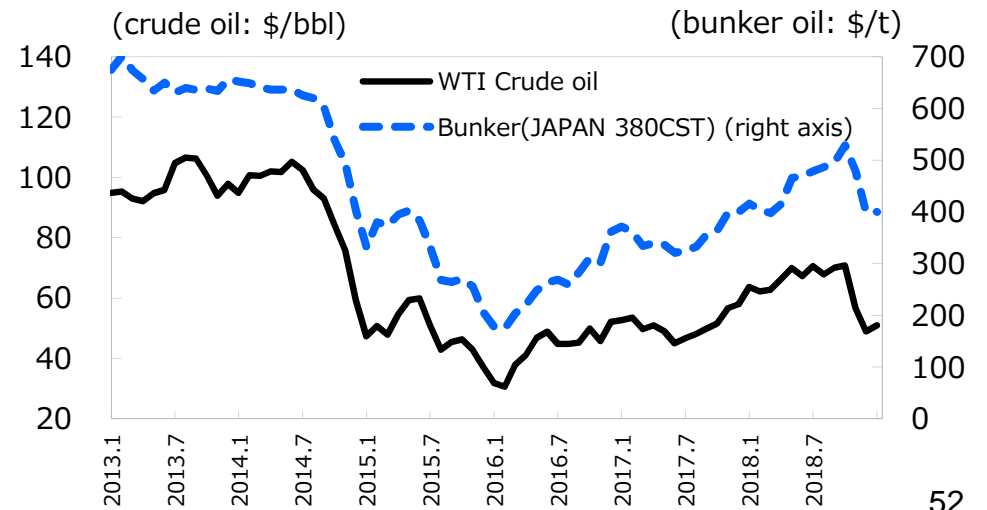
(\$/day) Spot Bulker



(yen/t) LNG Price



Oil



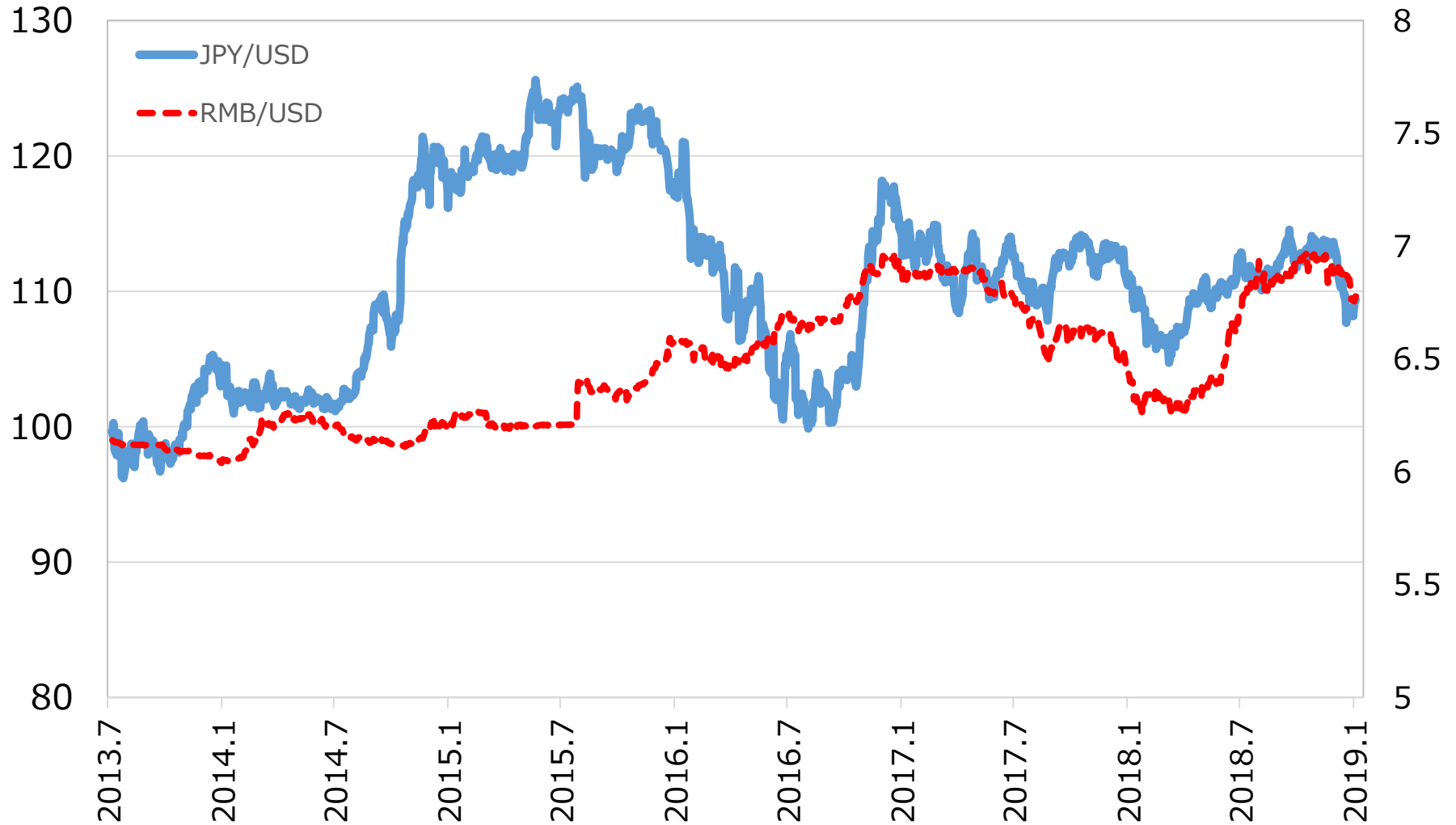


Trend of exchange rate (USD against JPY RMB)

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(JPY/USD)

(RMB/USD)





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6.9 billion Yen decrease in JFE Steel's Ordinary Income (FY18 2Q vs. FY18 3Q)

JFE Steel						FY2018	Change 2Q →3Q
	1Q Apr-Jun	2Q Jul-Sep	3Q Oct-Dec	4Q Jan-Mar			
Ordinary Income	64.4	49.7	42.8	3.0	160.0	(6.9)	

(billion yen)

- **Cost** - 3.5
- **Volume and Mix** - 4.5
- **Sales and Raw materials** - 8.0
- **Inventory valuation** + 6.0
- **Others** + 3.1

• Inventory valuation +2.0 (+9.0→+11.0)
 • Carry over of raw materials +6.0 (-4.0→+2.0)
 • Foreign exchange valuation -2.0 (+2.0→± 0.0)

TOTAL - 6.9



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68.2 Billion Yen decrease in JFE Steel's Ordinary Income (FY18 1H (Actual) vs. 2H (Forecast))

JFE Steel	FY2018 (Forecast)			Change 1H→2H
	1H (A)	2H (F)	Total	
Ordinary Income	114.1	45.9	160.0	(68.2)

(billion yen)

■ **Cost** - 10.0



• Cost reduction +4.0
• One-off effect due to operational troubles -14.0

■ **Volume and Mix** - 14.0

■ **Sales and Raw materials** - 20.0

■ **Inventory valuation** + 1.0



• Inventory valuation -7.0 (+20.0→+13.0)
• Raw materials carry over +15.0 (-9.0→+6.0)
• Foreign exchange valuation -7.0 (+5.0→-2.0)

■ **Others** - 25.2



• Increase in depreciation cost
• Increase in material cost including refractory and fuel etc.
• Decrease in dividends received etc.

TOTAL - 68.2



39.8 Billion Yen decrease in JFE Steel's Ordinary Income (FY18 3Q (Actual) vs. FY18 4Q (Forecast))

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JFE Steel	(billion yen)					Change 3Q →4Q
	1H (A)	2H (F)		FY2018 (F)		
		3Q (A) Oct-Dec	4Q (F) Jan-Mar			
Ordinary Income	114.1	42.8	3.0	45.9	160.0	(39.8)

■ **Volume and Mix** + 2.0

■ **Sales and Raw materials** - 20.0

■ **Inventory valuation** - 9.0

- Inventory valuation -9.0 (+11.0→+2.0)
- Carry over of raw materials +2.0 (+2.0→+4.0)
- Foreign exchange valuation -2 (±0.0→-2.0)

■ **Others** - 12.8

- Increase in depreciation cost etc.

TOTAL - 39.8

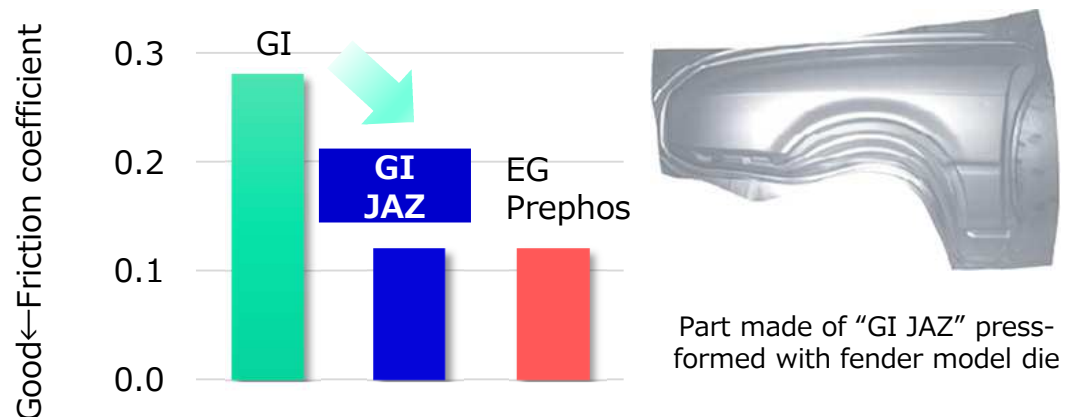


Surface treatment "GI JAZ™" High-lubricity GI Steel Sheet for Automobiles

Begun producing "GI JAZ" high-lubricity hot-dip galvanized (GI) steel sheet, which offers dramatically improved press formability for use in European and American automobile bodies. GI JAZ allows automobile manufacturers greater freedom in vehicle structure and design, and helps them to stabilize press processes and reduce defects.

- GI JAZ incorporates the high-lubricity technology used in "JAZ" (JFE Advanced Zinc) on GA steel sheet. GI JAZ achieves formability equal to that of EG Prephos based on cost effective GI steel sheet.

Compared to normal GI;
© Friction coefficient [approx. 60% improvement]
© Range of blank holding force [approx. doubled]





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(Topics) Product development for enhancing competitiveness of automotive steel
~ 1310 MPa High-tensile Steel Sheet Adopted for First Time ~

(released on January 10, 2019)

High-tensile

1310 MPa High-tensile Steel Sheet Adopted for First Time in Cold-press-forming Vehicle Body-frame Parts

- **Adopted first time for cold-press-forming body-frame parts. Its strength as vehicle body-frame parts formed by cold-press forming is of the world's highest level.**
- **Contribute to the continued enhancement of vehicle safety and environmental friendliness.**

- Expand the scope of use from bumper parts to body frame parts by technical problems including press formability etc.
- Achieved minimized addition of alloy by utilizing the high cooling capacity of its proprietary JFE-CAL water-quenching continuous annealing process in Fukuyama.

© **World's highest level** as vehicle body-frame parts formed by cold-press forming
[1180MPa → 1310MPa]

Images of body frame of parts





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