



JFE

JFE Group

**Financial Results for Third Quarter of
Fiscal Year 2021 ending March 31, 2022**

JFE Holdings, Inc.

February 8, 2022

A table of contents

- **JFE Holdings' Financial Results for Third Quarter of Fiscal Year 2021 (April 1 to December 31, 2021)**
- **JFE Holdings' Financial Forecasts for Fiscal Year 2021 (April 1, 2021, to March 31, 2022)**
- **Dividends**
- **Financial Results for Third Quarter of Fiscal Year 2021 and Financial Forecast for Fiscal Year 2021 by Segment**
- **Topics (ESG Initiatives etc.)**

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.

**Consolidated Results for
Third Quarter of Fiscal Year 2021
(April 1 to December 31, 2021)**



Financial Results for Third Quarter of Fiscal Year 2021

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Despite sharply higher prices for raw materials and metals and scrap etc., strong demand for steel and market prices and the result of initiatives to improve sales price led to a significant increase in profit, particularly in the steel business.

(billion yen)	FY2020		FY2021		Change Apr-Dec
	Oct-Dec	Apr-Dec	Oct-Dec	Apr-Dec	
Revenue	826.1	2,318.4	1,154.4	3,097.3	778.9
Business Profit	53.1	(61.1)	123.9	322.8	383.9
Finance Income/Costs	(3.0)	(9.4)	(2.9)	(8.5)	0.9
Segment Profit	50.1	(70.6)	121.0	314.2	384.8
Exceptional Items	—	—	(10.4)	(10.4)	(10.4)
Profit before Tax	50.1	(70.6)	110.6	303.8	374.4
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(14.0)	0.9	(28.3)	(80.7)	(81.6)
Profit Attributable to Owners of Parent	36.0	(69.6)	82.2	223.0	292.6

Business profit is profit before tax excluding financial income and one-time items of a materially significant value. Segment profit is profit including financial income in business profit.

Financial Results for Third Quarter of Fiscal Year 2021 (by Segment)

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(billion yen)	FY2020		FY2021		Change Apr-Dec
	Oct-Dec	Apr-Dec	Oct-Dec	Apr-Dec	
Revenue					
Steel Business	580.2	1,607.5	832.8	2,243.2	635.7
Engineering Business	129.2	351.2	129.8	359.1	7.9
Trading Business	224.9	676.6	329.3	873.7	197.1
Adjustments	(108.2)	(316.9)	(137.5)	(378.6)	(61.7)
Total	826.1	2,318.4	1,154.4	3,097.3	778.9
Business Profit (A)	53.1	(61.1)	123.9	322.8	383.9
Finance Income/Costs (B)	(3.0)	(9.4)	(2.9)	(8.5)	0.9
Segment Profit					
Steel Business	34.3	(101.9)	93.5	252.0	353.9
Engineering Business	10.9	19.6	10.2	21.3	1.7
Trading Business	6.5	13.7	16.2	41.9	28.2
Adjustments	(1.6)	(2.1)	1.0	(1.0)	1.1
Total (A+B)	50.1	(70.6)	121.0	314.2	384.8

**Consolidated Financial Forecast for
Fiscal Year 2021
(April 1, 2021 to March 31, 2022)**

Financial Forecast for Fiscal Year 2021

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- Segment profit in the steel business is expected to **improve to 303.3 billion yen from the previous forecast**, due to the result of initiatives to improve steel prices and increase in profit of domestic and overseas subsidiary companies despite the impact of a decrease in production volume.
- The Group's overall business profit is expected to **improve by 30.0 billion yen** from the previous forecast, reflecting the increase in profits of the steel and trading business.

(billion yen)	FY2021 (Previous Forecast Nov. 5, 2021)	FY2021 (Updated Forecast Feb. 8, 2022)			Change
	Full Year	1H (Actual)	2H (Forecast)	Full Year	Full Year
Revenue	4,340.0	1,942.9	2,427.1	4,370.0	30.0
Business Profit	360.0	198.8	191.2	390.0	30.0
Finance Income/Costs	(10.0)	(5.6)	(4.4)	(10.0)	0.0
Segment Profit	350.0	193.2	186.8	380.0	30.0
Exceptional Items	—	—	(12.0)	(12.0)	(12.0)
Profit before Tax	350.0	193.2	174.8	368.0	18.0
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(100.0)	(52.4)	(45.6)	(98.0)	2.0
Profit Attributable to Owners of Parent	250.0	140.7	129.3	270.0	20.0

Financial Forecasts for Fiscal Year 2021 (by Segment)

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(billion yen)	FY2021 (Previous Forecast)	FY2021 (Updated Forecast)			Change
	Full Year	1H	2H	Full Year	Full Year
Revenue					
Steel Business	3,190.0	1,410.4	1,799.6	3,210.0	20.0
Engineering Business	520.0	229.2	280.8	510.0	(10.0)
Trading Business	1,210.0	544.4	665.6	1,210.0	0.0
Adjustments	(580.0)	(241.1)	(318.9)	(560.0)	20.0
Total	4,340.0	1,942.9	2,427.1	4,370.0	30.0
Business Profit (A)	360.0	198.8	191.2	390.0	30.0
Finance Income/Costs (B)	(10.0)	(5.6)	(4.4)	(10.0)	0.0
Segment Profit					
Steel Business	280.0	158.5	144.5	303.0	23.0
Engineering Business	25.0	11.1	13.9	25.0	0.0
Trading Business	45.0	25.6	27.4	53.0	8.0
Adjustments	0.0	(2.0)	1.0	(1.0)	(1.0)
Total (A+B)	350.0	193.2	186.8	380.0	30.0



Financial Forecast for Fiscal Year 2021

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Full-year segment profit is expected to be 390.0 billion yen, increased by 402.9 billion yen year-on-year, due to recovery of steel demand, market price increase, and the result of initiatives to improve sales price.

(billion yen)	FY2020 (Actual) Full Year	FY2021 (Updated Forecast)			Change Full Year
		1H (Actual)	2H (Forecast)	Full Year	
Revenue	3,227.2	1,942.9	2,427.1	4,370.0	1,142.8
Business Profit	(12.9)	198.8	191.2	390.0	402.9
Finance Income/Costs	(12.4)	(5.6)	(4.4)	(10.0)	2.4
Segment Profit	(25.4)	193.2	186.8	380.0	405.4
Exceptional Items	20.4	—	(12.0)	(12.0)	(32.4)
Profit before Tax	(4.9)	193.2	174.8	368.0	372.9
Tax Expense and Profit (Loss) Attributable to Non-Controlling Interests	(16.9)	(52.4)	(45.6)	(98.0)	(81.1)
Profit Attributable to Owners of Parent	(21.8)	140.7	129.3	270.0	291.8

Financial Forecasts for Fiscal Year 2021 (by Segment)

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(billion yen)	FY2020 (Actual) Full Year	FY2021 (Updated Forecast)			Change Full Year
		1H	2H	Full Year	
Revenue					
Steel Business	2,255.2	1,410.4	1,799.6	3,210.0	954.8
Engineering Business	485.7	229.2	280.8	510.0	24.3
Trading Business	932.5	544.4	665.6	1,210.0	277.5
Adjustments	(446.1)	(241.1)	(318.9)	(560.0)	(113.9)
Total	3,227.2	1,942.9	2,427.1	4,370.0	1,142.8
Business Profit (A)	(12.9)	198.8	191.2	390.0	402.9
Finance Income/Costs (B)	(12.4)	(5.6)	(4.4)	(10.0)	2.4
Segment Profit					
Steel Business	(65.4)	158.5	144.5	303.0	368.4
Engineering Business	24.0	11.1	13.9	25.0	1.0
Trading Business	20.0	25.6	27.4	53.0	33.0
Adjustments	(4.1)	(2.0)	1.0	(1.0)	3.1
Total (A+B)	(25.4)	193.2	186.8	380.0	405.4

Progress of Cash Flow Improvements, Debt/EBITDA Ratio

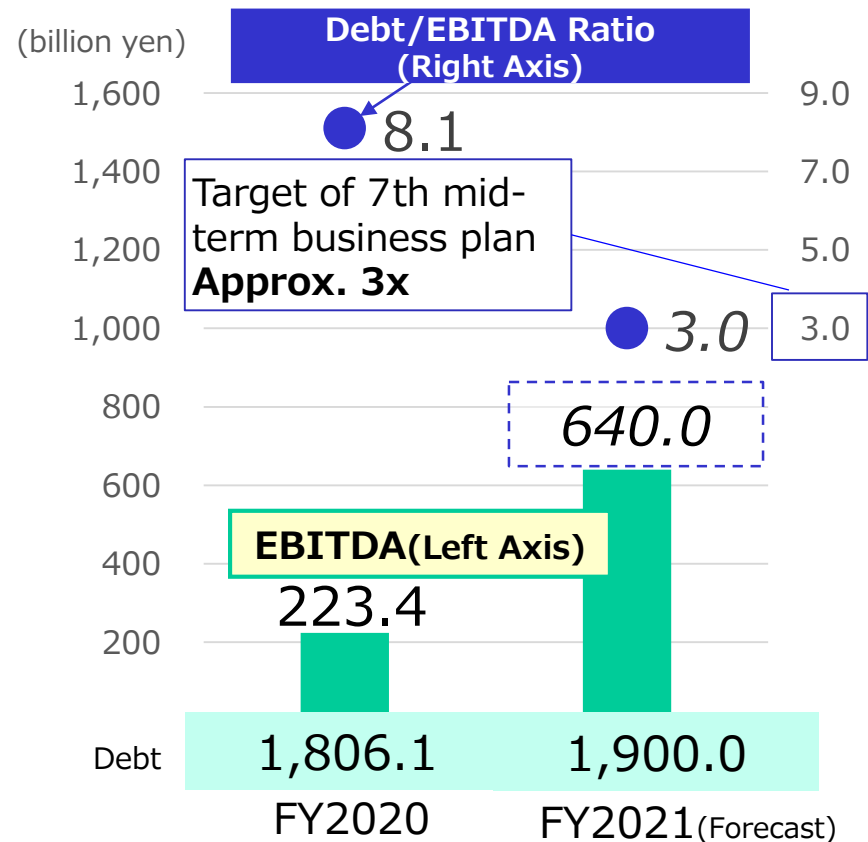
At the end of FY2021, the Debt/EBITDA ratio is expected to reach the target level of 7th mid-term business plan (3.0x).

FY2021 Consolidated Cash Flow Forecast

(billion yen)

Cash-in	Cash-out
Net Profit 270.0	CAPEX & Investments 350.0
Depreciation and Amortization 250.0	Dividend Payment 40.0
Asset Compression 45.0	Working Capital etc. 265.0
Debt 90.0	

Progress of Debt/EBITDA Ratio



- EBITDA = Business profit + Depreciation and Amortization
- Debt/EBITDA Ratio = Interest-bearing debt outstanding/EBITDA

Dividends



Dividends

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JFE Holdings has decided to propose at its general meeting of shareholders a year-end dividend of 80 yen per share, which would bring the annual dividend of 140 yen per share.

JFE Steel

**Financial Results for Third Quarter of
Fiscal Year 2021 and
Financial Forecast for Fiscal Year 2021**

Financial Results for Third Quarter of Fiscal Year 2021

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	Unit	FY2020					FY2021		
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q
Revenue	billion yen	508.7	518.6	580.2	647.6	2,255.2	638.5	771.9	832.8
Segment Profit	billion yen	(57.8)	(78.4)	34.3	36.4	(65.4)	69.7	88.8	93.5
Excluding Inventory Valuation etc.*	billion yen	(34.8)	(33.4)	14.3	22.4	(31.4)	25.7	42.8	(3.5)
Crude Steel (Standalone)	Mt	4.79	5.38	6.27	6.32	22.76	6.25	6.45	6.49
Crude Steel (Consolidated)	Mt	5.09	5.68	6.59	6.60	23.96	6.59	6.80	6.85
Shipment (Standalone)	Mt	4.59	4.75	5.42	5.72	20.49	5.26	5.56	5.63
Export Ratio on Value Basis (Standalone)	%	44.2	40.2	40.3	44.3	42.3	43.2	49.3	45.9
Average Sales Price (Standalone)	000 yen/ t	75.3	71.0	73.4	78.8	74.8	87.6	101.0	107.6
Exchange Rate	¥/\$	107.7	105.9	104.8	104.7	105.8	109.8	110.0	113.1
Exchange Rate (End of Term)	¥/\$	107.7	105.8	103.5	110.7	110.7	110.6	111.9	115.0

* Excluding inventory valuation, carry over of raw materials and foreign exchange valuation from segment profit

353.9 Billion Yen Increase in JFE Steel's Segment Profit (FY2020 Apr-Dec vs. FY2021 Apr-Dec)

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Segment profit increased by 353.9 billion yen due to an improvement of selling price, an increase in crude steel production, and profit improvement of both domestic and overseas subsidiaries.

JFE Steel	FY2020 Apr-Dec	FY2021				Change
		1Q	2Q	3Q	Apr-Dec	
Segment profit	(101.9)	69.7	88.8	93.5	252.0	+353.9

(billion yen)

- 1. Cost** **+23.0**
 - Capital investment effects etc.
- 2. Volume and Mix** **+56.0**
 - Production increase amid recovery of steel demand
(Crude steel (Standalone) 16.44Mt⇒19.20Mt)
- 3. Sales and Raw materials** **+17.0**
 - (1,000 yen/t-shipment)
 - Although raw material prices increased, the metal spread improved amid the supply-demand of steel and steel market prices in domestic and overseas markets.
- 4. Inventory valuation** **+235.0**
 - Inventory valuation +164.0 (-41.0→+123.0)
 - Carry over of raw materials +62.0 (-2.0→+60.0)
 - Foreign exchange valuation +9.0(-5.0→+4.0)
- 5. Others** **+22.9**
 - Increase in profit of domestic and overseas subsidiary companies
 - Rising in price of metals and scrap etc.



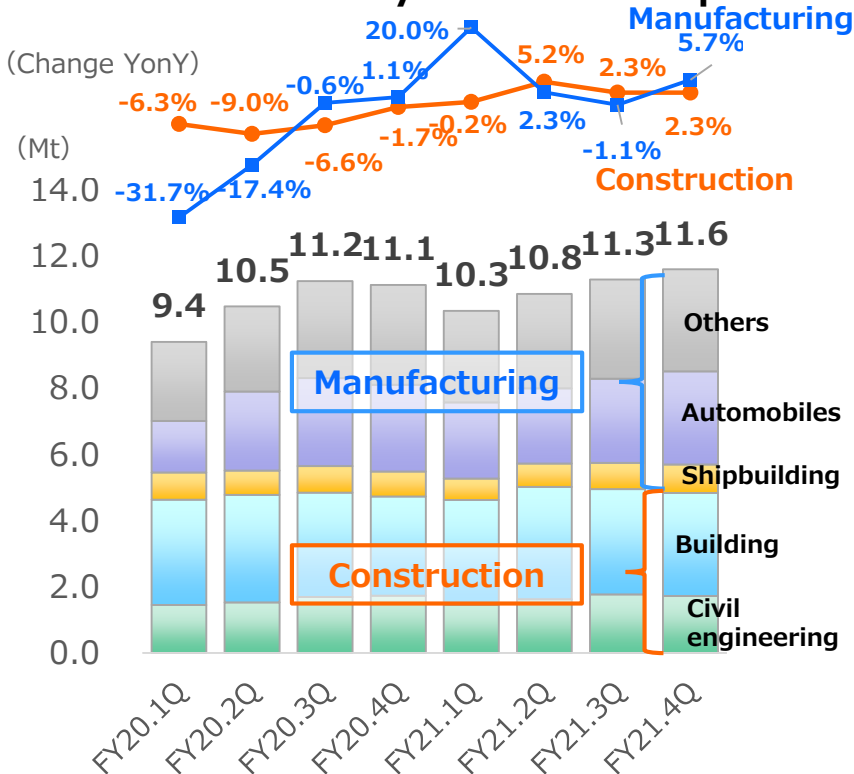
Current Business Environment (Domestic)

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- **Steel demand is expected to be in a recovery trend** while **steel demand is temporally weakening** due to the reduction in automobile production resulted from shortage of semi-conductor and parts.
- Outlook for domestic ordinary steel consumption in 4Q of FY2021 **increases by +4.2% YonY, and by +2.8% from the previous quarter.**
- Though **the annual auto production*** is revised downward to **approx. 8.0 million units**, decreased by 0.2 million units from the previous forecast, the production activity level is expected to gradually recover.
- The effect of Omicron variants on steel demand should be carefully monitored.

*Fiscal year basis

Outlook for Domestic Ordinary Steel Consumption



Source: Ministry of Economy, Trade and Industry, "Outlook for Steel Consumption" 23rd Dec 2021. (FY2021.1Q and after is estimated results)

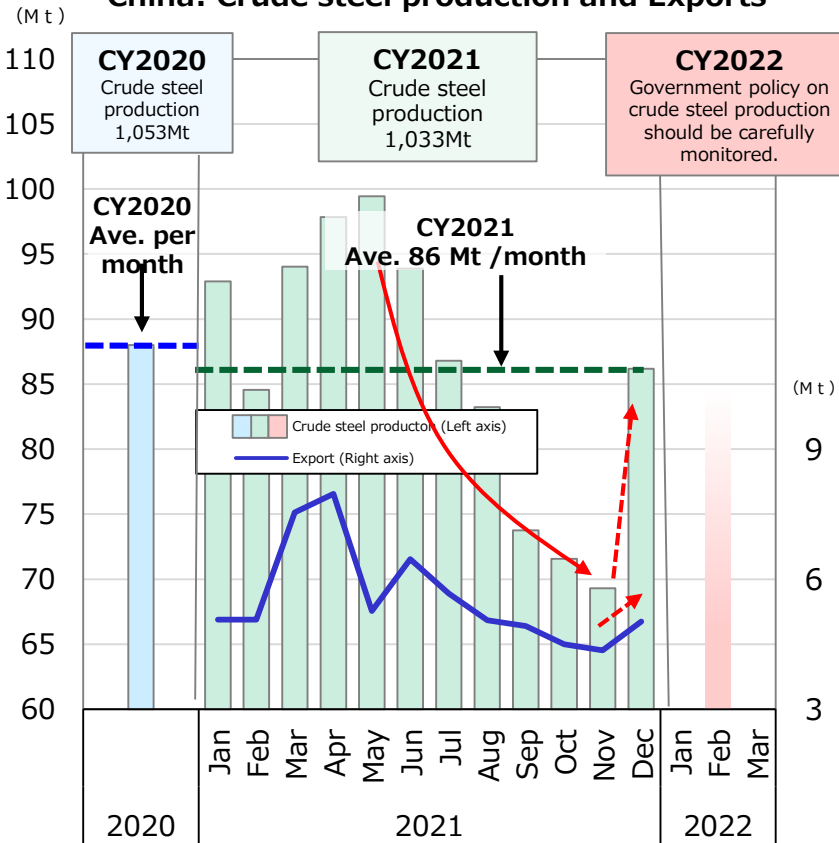
Sector	Outlook
Auto-mobile	<ul style="list-style-type: none"> • The production activity level has decreased due to a shortage of semi-conductor and auto parts • Although the supply-chain difficulty is expected to gradually be eased, normalization is expected after the next fiscal year. • Annual production volume is expected to be approx. 8.0 million units.
Shipbuilding	<ul style="list-style-type: none"> • Orders for new ships remains solid along with the increase in both cargo movement and chartering market amid the recovery of global economy. The amount of orders which have already been won almost recovers to the stable level. • Some Japanese shipbuilders are cautious about accepting new orders due to soaring prices of materials and equipments.
Other manu-facturing	<ul style="list-style-type: none"> • Demand for construction equipment stays solid, supported by strong investment in infrastructure and houses. • Demand for industrial machinery used for infrastructure and electrical vehicles stays strong
Civil engineering	<ul style="list-style-type: none"> • Steel demand in public sector remains strong, supported by the "National Resilience Plan". • While the demand in Jan-Mar is expected to be lower than the one in the previous quarter due to seasonal reasons, the annual steel demand is expected to exceed the previous fiscal year.
Building	<ul style="list-style-type: none"> • Development projects, large-scale projects, and distribution warehouses are steadily proceeding. • Some projects for outlets and offices that had been stalled due to the pandemic have also begun to move forward.

Current Business Environment (Overseas)



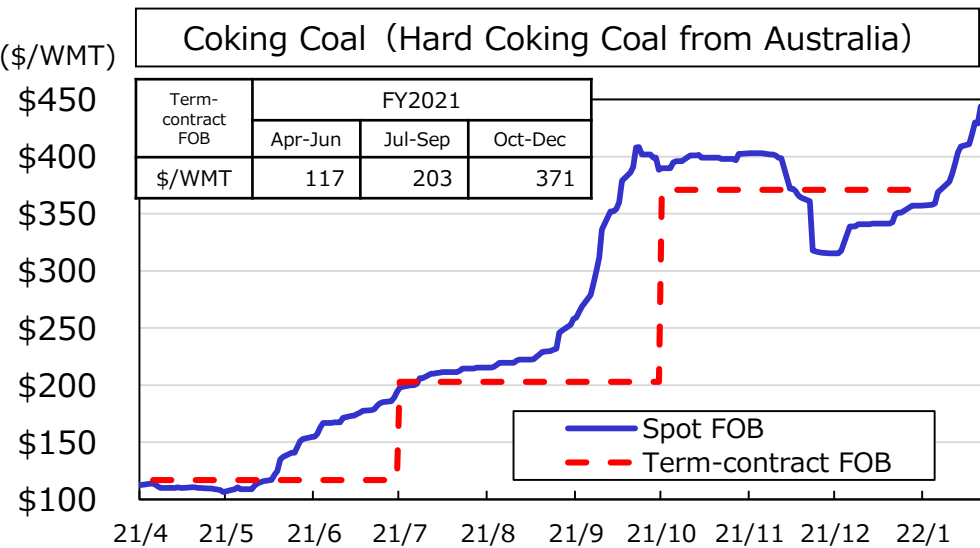
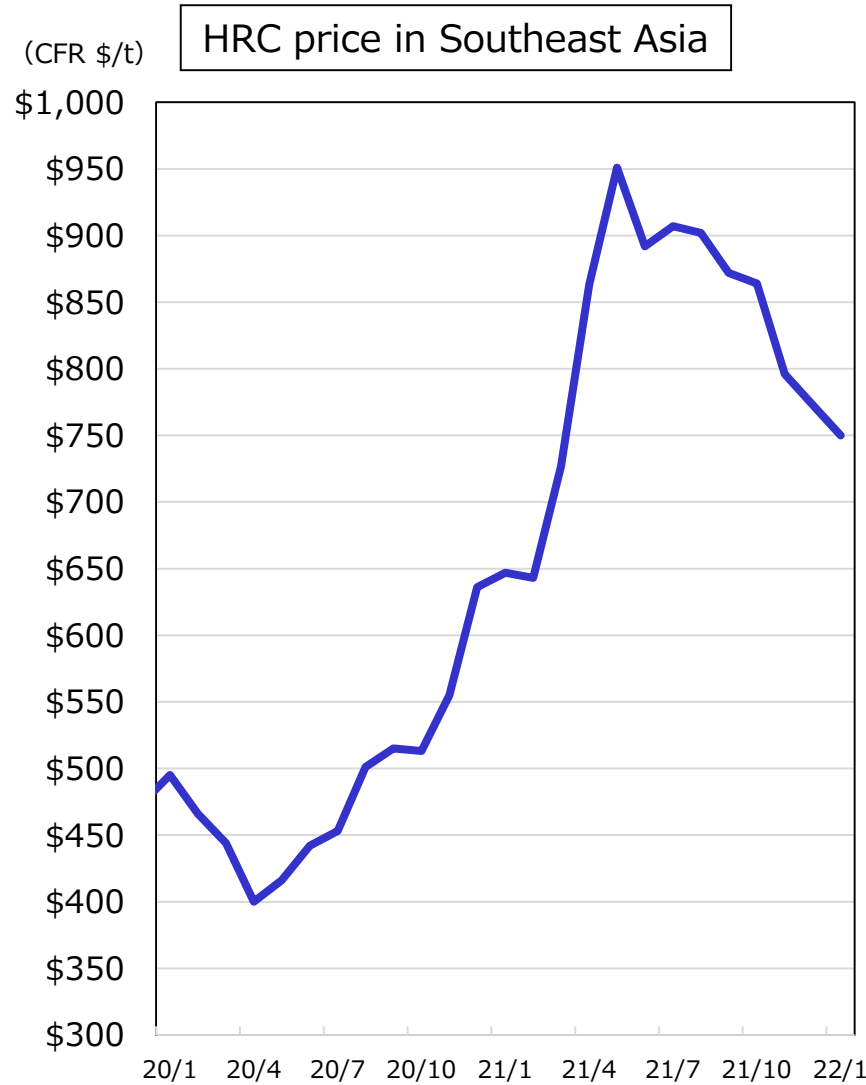
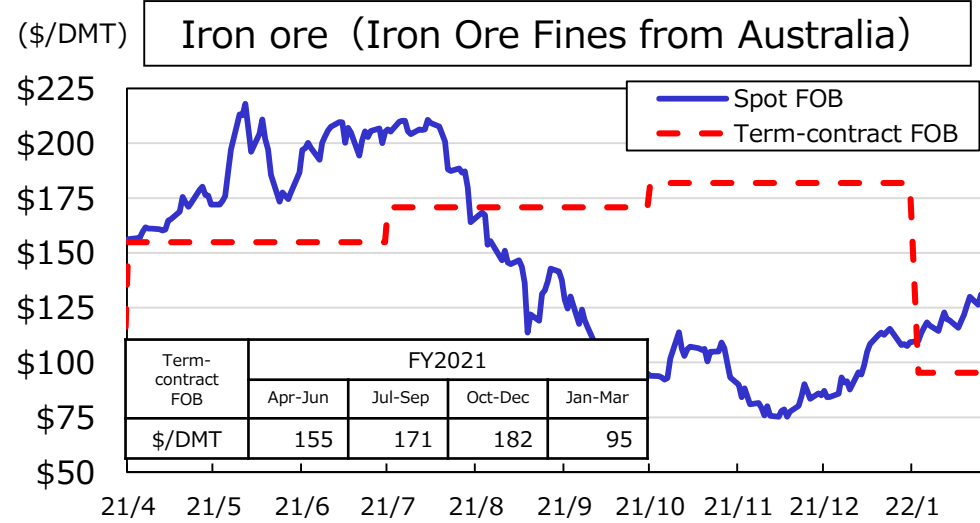
- **Steel demand is expected to remain in a recovery trend** amid the global economic recovery. However, the **steel supply-demand balance is temporally eased and the steel market price declined** due to the prolonged production cuts in auto sector, sluggish steel demand in the construction sector due to the effect of the pandemic, and a slowdown in the Chinese economy.
- **The recovery of automobile production due to the alleviation of supply chain problems, the implementation of measures against COVID-19, and the recovery of the Chinese economy are expected to tighten the supply-demand balance and boost the steel market.**

China: Crude steel production and Exports



Factor	Outlook
Steel mills in China	<ul style="list-style-type: none"> • Domestic demand has temporally slumped due to a decline in infrastructure investment caused by restrictive monetary policy, and movement restrictions due to the pandemic. Steel export increased in December. • Crude steel production cuts and export reduction policy is expected to continue since the Chinese government puts high priority on environmental measures. • The domestic supply-demand is expected to be tightened amid the recovery in Chinese economy. The Chinese government policy should be carefully watched.
Steel mills in India	<ul style="list-style-type: none"> • The domestic pandemic has peaked out. However, the demand recovery lacks vigor due to the production cuts in auto sector. • If the steel demand in Europe continued to slow down, steel manufactured in India might be exported to SEA instead of Europe.
Steel mills in Russia	<ul style="list-style-type: none"> • If the re-spread of COVID-19 in Europe and Turkey and production cuts in auto sector were prolonged, the Russian mills might begin price offensive and securing volumes all over the world including Asia, which should be carefully monitored.
Environment in Southeast Asia	<ul style="list-style-type: none"> • Construction sector is affected by the spread of COVID-19 which makes the local demand weakened. • The supply-demand balance is temporally eased, and the steel market prices are currently decreased due to the factors such as securing volume by Indian steel mills. • The supply-demand balance is expected to be tightened and the market prices are expected to recover amid the recovery in auto production and the implementation of measures against COVID-19.

Assumptions for Financial Forecast (price of raw materials, steel price)





Assumptions for Financial Forecast

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Forecast of Crude Steel Production

- **Standalone crude steel production in FY2021 is expected to be approximately 26.00 Mt, revised down by 0.5 Mt from the previous forecast.**
 - Resuming schedule of Kurashiki No.4 BF successfully was moved up, and its operation has been on track.
 - Given the current situation where steel demand is temporally weakened, JFE is focusing on optimal production, putting a high priority on selling prices.

Metal Spread

- **Domestic and overseas metal spread is expected to improve by 7.0 billion yen from the previous forecast.**

Although raw material prices remain high and the overseas steel market is somewhat sluggish, metal spreads are expected to improve as a result of aggressive measures to improve domestic selling prices.

 - **Coking Coal prices**
Although coking coal prices appear to be overpriced, it may take time for the prices to fall, and are expected to remain at a high level for a while.
 - **Selling Prices**
Domestic: Further improvements of selling price are included in the forecast since the quick reflection of raw material cost in sales prices has more widely been accepted than expected.
Exports: Prices are expected to fall to a certain level amid the sluggish overseas market.

Metals

- Metal prices have remained at historically high levels due to rising electricity prices in various countries and tight supply-demand balance.

Financial Forecast for Fiscal Year 2021

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	Unit	FY2020 Full Year	2021年度					FY2021 Full Year Previous Forecast
			1H Actual	2H		Full Year Forecast		
				3Q Actual	4Q Forecast		Forecast	
Revenue	billion yen	2,255.2	1,410.4	832.8	966.8	1,799.6	3,210.0	3,190.0
Segment Profit	billion yen	(65.4)	158.5	93.5	51.0	144.5	303.0	280.0
Excluding Inventory Valuation etc. ※	billion yen	(31.4)	68.5	(3.5)	62.0	58.5	127.0	119.0
Crude Steel (Standalone)	Mt	22.76	12.70	6.49	Approx. 6.80	Approx. 13.30	Approx. 26.00	Approx. 26.50
Crude Steel (Consolidated)	Mt	23.96	13.39	6.85	Approx. 7.15	Approx. 14.00	Approx. 27.40	
Shipment (Standalone)	Mt	20.49	10.83	5.63	Approx. 6.24	Approx. 11.87	Approx. 22.70	
Export Ratio on Value Basis (Standalone)	%	42.3	46.5	45.9	44	45	46	
Average Sales Price (Standalone)	000 yen/ t	74.8	94.5	107.6	Approx. 115	Approx. 111	Approx. 103	
Exchange Rate	¥/\$	105.8	109.9	113.1	115	114	112	Approx. 110

*Excluding inventory valuation, carry over of raw materials and foreign exchange valuation from segment profit

23.0 Billion Yen Increase in JFE Steel's Segment Profit (FY2021 (Previous Forecast) vs. FY2021 (Updated Forecast))

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Segment profit is expected to increase from the previous forecast due to selling price improvements, such as quick reflection of raw material cost in selling prices, as well as increase in profit of domestic and overseas subsidiary companies.

JFE Steel	FY2021 Previous Forecast	FY2021 Updated Forecast	Change (billion yen)
Segment Profit	280.0	303.0	+23.0

1. Cost	±0.0	
2. Volume and Mix	(9.0)	<ul style="list-style-type: none"> Crude steel (Standalone) Approx. 26.50Mt → Approx. 26.00Mt
3. Sales and Raw materials	+7.0	<ul style="list-style-type: none"> (+300 yen/t-shipment) Expected improvements in metal spread due to improvement of steel selling prices, such as quick reflection of key raw material costs
4. Inventory valuation	+15.0	<ul style="list-style-type: none"> Inventory valuation +13.0 (+138.0→+151.0) Carry over of raw materials -1.0 (+22.0→+21.0) Foreign exchange valuation +3.0(+1.0→+4.0)
5. Others	+10.0	<ul style="list-style-type: none"> Increase in profit of domestic and overseas subsidiary companies Rising in price of metals etc.

368.4 Billion Yen Increase in JFE Steel's Segment Profit (FY2020 (Actual) vs. FY2021 (Forecast))

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- The steel demand is expected to recover significantly from FY2020, which was greatly affected by COVID-19.
- Segment profit is expected to improve significantly from FY2020 due to quick reflection of raw material cost in domestic sales prices, higher steel prices in overseas markets, and higher production volumes, as well as higher profits at domestic and overseas subsidiary companies.

JFE Steel	FY2020 Actual	FY2021 Forecast	Change (billion yen)
Segment Profit	(65.4)	303.0	+368.4

1. Cost	+30.0	<ul style="list-style-type: none"> • Capital investment effects • Expanded use of low-cost raw materials etc.
2. Volume and Mix	+63.0	<ul style="list-style-type: none"> • Production increase amid recovery of steel demand (Crude steel(Standalone) 22.76 ⇒ approx. 26.00Mt)
3. Sales and Raw materials	+93.0	(+4,100 yen/t-shipment) <ul style="list-style-type: none"> • Expected improvements in metal spread due to supply-demand and market condition, despite sharply increased prices for main raw materials
4. Inventory valuation	+210.0	<ul style="list-style-type: none"> • Inventory Valuation +188.0 (-37.0→+151.0) • Carry over of raw materials +18.0 (+3.0→+21.0) • Foreign exchange valuation +4.0(±0.0→+4.0)
5. Others	(27.6)	<ul style="list-style-type: none"> • Increase in profit of domestic and overseas subsidiary companies. • Rising in price of metals and scrap etc.

14.0 Billion Yen Decrease in JFE Steel's Segment Profit (FY2021.1H vs. FY2021.2H)

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- Crude steel production is expected to increase, and further cost reduction is anticipated in 2H
- While the metal spread is expected to increase due to the selling price improvements, such as quick reflection of key raw materials in selling prices, segment profit in 2H is expected to decrease due to rising in the price of other raw materials such as metals and scrap.

JFE Steel	FY2021 Forecast			Change (billion yen)
	1H Actual	2H Forecast	Full Year	
Segment Profit	158.5	144.5	303.0	(14.0)

1. Cost	+15.0	<ul style="list-style-type: none"> • Capital investment effects • Variable cost reduction etc.
2. Volume and Mix	+17.0	<ul style="list-style-type: none"> • Expected gradual recovery of steel demand amid the global economic recovery • Production volume increase along with the completion of Kurashiki No.4 BF refit (Crude steel (Standalone) 12.70Mt⇒13.30Mt)
3. Sales and Raw materials	+43.0	(+3,600 yen/t-shipment) <ul style="list-style-type: none"> • Despite rising raw material prices, metal spread is expected to improve due to increase in steel selling prices such as quick reflection of raw material cost in steel selling prices
4. Inventory valuation	(4.0)	<ul style="list-style-type: none"> • Inventory valuation +33.0 (+59.0→+92.0) • Carry over of raw materials -39.0 (+30.0→-9.0) • Foreign exchange valuation +2.0(+1.0→+3.0)
5. Others	(85.0)	<ul style="list-style-type: none"> • Increase in depreciation cost and other expenses • Rising in price of metals and scrap etc.

JFE Engineering Financial Forecast for Fiscal Year 2021

Financial Forecast for Fiscal Year 2021

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Current Business Environment/ Overview of Financial Status

- Domestic demand both in the [environment & energy sector](#) and [infrastructure sector](#) is expected to remain solid.
- Regarding the overseas market, demand of environment-related field [in Europe](#) is expected to [remain solid](#). [In Asia and other regions, bid solicitation of some projects delays](#) due to the impact of the spread of COVID-19.
- Due to an increase in revenue from M&A, etc., we expect stable segment profit for the full fiscal year, [exceeding the results of the previous fiscal year](#).

Financial Forecast

(billion yen)	FY2020(Actual)		FY2021 (Updated Forecast)		Change (Y on Y)		FY2021 (Previous Forecast)	
	2H	Full Year	2H	Full Year	2H	Full Year	2H	Full Year
Orders	202.2	501.1	277.7	530.0	75.5	28.9	297.7	550.0
Revenue	263.7	485.7	280.8	510.0	17.1	24.3	290.8	520.0
Segment Profit	15.3	24.0	13.9	25.0	(1.4)	1.0	13.9	25.0

Compared to FY2020

<Full Year>	•Orders	+28.9	M&A, increase in large-scale orders in carbon neutral area
	•Revenue	+24.3	Increase in orders in previous year, increase from M&A
	•Segment Profit	+1.0	Increase in revenue

Compared to Previous Forecast

<2H>	•Orders	(20.0)	Decrease due to delay of bid solicitation of overseas projects
	•Revenue	(10.0)	Decrease due to schedule change of projects (Cost reduction can compensate for a decrease in segment profit due to a decrease in revenue)

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Financial Forecast
for Fiscal Year 2021

Financial Forecast for Fiscal Year 2021

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Current Business Environment/ Overview of Financial Status

- Domestic business is expected to **remain solid** due to the recovery of steel demand for shipbuilding and the general rise in steel market price, despite the impact of the decline in production volume of automobile due to shortage of semiconductor.
- **Earnings of overseas business, mainly subsidiaries in the US, are expected to remain high**, despite the decline of steel market price.
- **Segment profit is expected to be 53.0 billion yen.**
(up 8.0 billion yen from the previous forecast, up 33.0 billion yen from FY2020)

Financial Forecast

(billion yen)	FY2020 (Actual)		FY2021 (Updated Forecast)		Change(Y on Y)		FY2021 (Previous Forecast)	
	2H	Full Year	2H	Full Year	2H	Full Year	2H	Full Year
Revenue	480.7	932.5	665.5	1,210.0	184.8	277.5	665.6	1,210.0
Segment Profit	12.8	20.0	27.4	53.0	14.6	33.0	19.4	45.0

Compared to FY2020

- Segment profit is expected to increase due to recovery in steel demand which had been dropped in FY2020 and due to steel price remaining high in the domestic and overseas markets.

Compared to the previous forecast

- Domestic and overseas businesses are expected to be solid.
Especially subsidiaries in the US are expected to continue high earnings.

Topics (ESG Initiatives etc.)



CO₂ Emissions Reduction Target for JFE Group

JFE

Released on February 8th, 2022

- JFE holdings has raised 2030 CO₂ emissions reduction target to minimum 30% above FY2013

JFE's Announcement about CO₂ emissions reduction

September, 2020

Announced CO₂ emissions reduction target for steel business ahead of other Japanese steelmakers

CO₂ emissions reduction target for steel business
*All targets are set above FY2013

FY2030	minimum 20%
--------	----------------

May, 2021

Formulated the JFE Group Environmental Vision 2050
Announced the 7th Medium-Term Business Plan

End of FY2024	18%
FY2050	Carbon-Neutral

This time

Revised CO₂ emissions reduction target for steel business

FY2030	minimum 30%
--------	----------------

CO₂ Emissions Reduction Target for JFE Group

Released on February 8th, 2022

<Background to revise the target>

- JFE revised the target due to **ongoing advancement of carbon-neutrality initiatives** and **steady progress of external conditions** surrounding steel business.

Initiatives

- ✓ Establishment of **an efficient framework for acceleration of the company's transition to carbon neutrality.**
(Setting up both specialized organizations for elemental technology development and the Carbon Neutral Advancement Committee)
- ✓ **Expanding application of existing environmental impact-reduction technologies** and **adding new measures for CO₂ reduction.**
 - ➔ Investigating **the introduction of electric arc furnaces and other new processes.**

External Conditions

- ✓ R&D is expected to be accelerated under **the Green Innovation Fund** adopted by NEDO* for steel sector in Dec. 2021.
*Japan's New Energy and Industrial Technology Development Organization
- ✓ **Factors for purchasing energy emissions are expected to improve** due to the country's Sixth Strategic Energy Plan which is approved by the Japanese Cabinet.

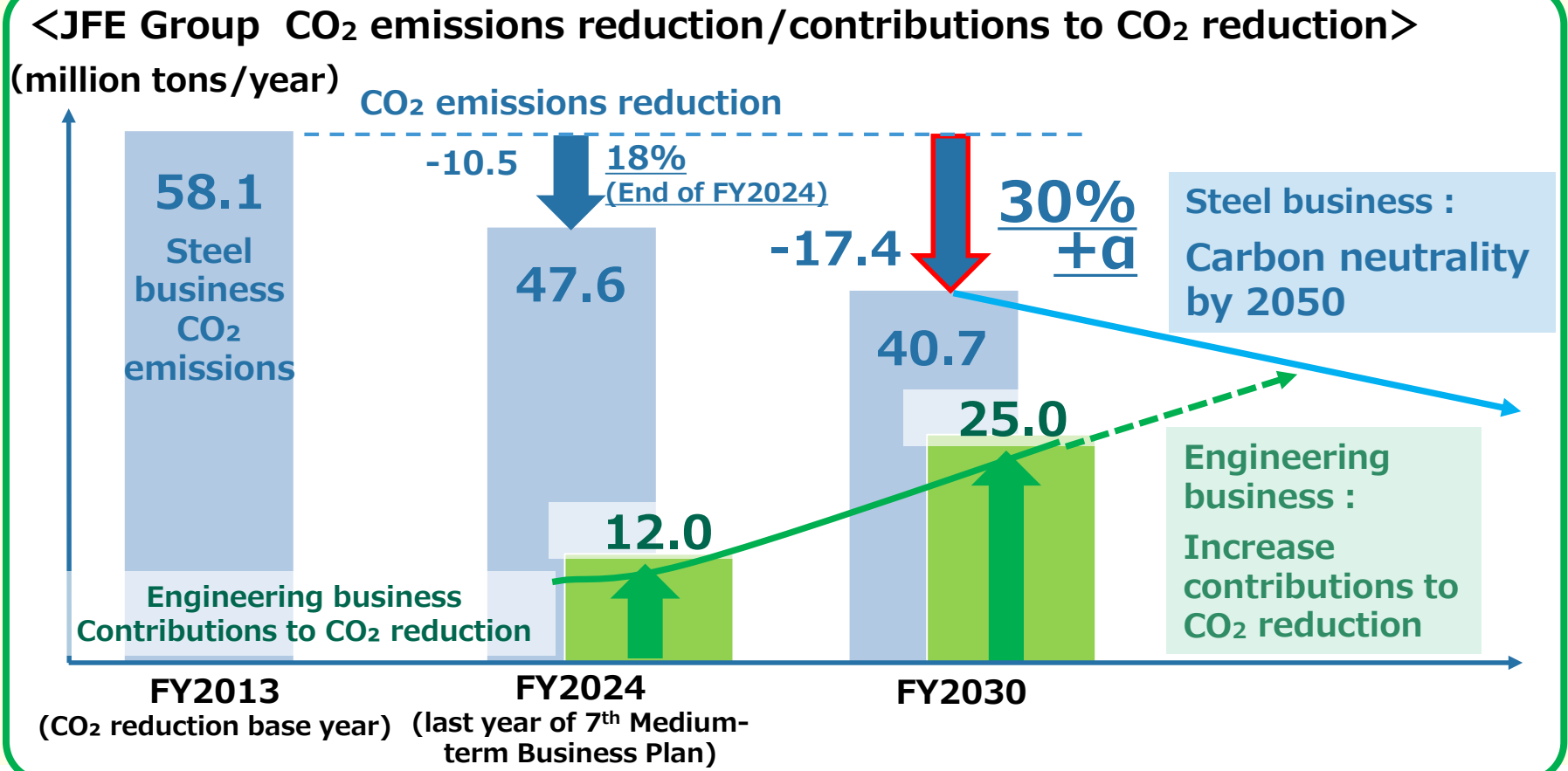
- JFE expects to provide updates concerning its progress with R&D and related capital investments going forward

CO₂ Emissions Reduction Target for JFE Group

JFE

Released on February 8th, 2022

- JFE is also **contributing to CO₂ reduction across society** through its engineering business in addition to CO₂ emissions reduction by steel business.





JFE's proposal of carbon neutral technologies was adopted as the Green Innovation Fund Project

JFE

Released on January 7th, 2022

- Proposal* to develop carbon-neutral technologies which includes JFE Steel's proprietary Carbon-recycling Blast Furnace, **was adopted as part of the Green Innovation Fund Project.**
 - *Joint proposal by JFE Steel, Nippon Steel, Kobe Steel, and The Japan Research and development center for metals (JRCM)
- This fund project helps to promote "Hydrogen Utilization in Iron and Steelmaking Processes" Project by subsidizing part of expense **ranging from R&D to demonstration for social implementation of the outcomes.**

"Hydrogen Utilization in Iron and Steelmaking Processes" Project

Amount of support : 193.5 billion yen (Total of 4 themes)

R&D items :

Development of hydrogen reduction technology using blast furnaces

1. Development of hydrogen reduction technology utilizing on-site hydrogen
2. Development of low-carbon technology utilizing hydrogen from external sources and Co₂ contained in BF gas

Development of direct hydrogen reduction technology that reduces iron ore with hydrogen only

1. Development of direct hydrogen reduction technology
2. Development of impurity removal technology for the electric arc furnace using direct reduced iron



JFE Holdings Decided to Issue Transition Bonds in FY2022

JFE

Released on January 20th, 2022

- JFE Holdings has decided to **issue transition (corporate) bonds** through a public offering in FY2022 in order to promote carbon-neutrality initiatives
- JFE will be **the first member of Japan's manufacturing industry** to issue corporate bonds under the FY2021 climate-transition-finance model project of the Ministry of Economy, Trade and Industry (METI)

Overview

Issuance Period : FY2022

Use of Proceeds : ≧ Energy conservation and improved efficiency
(planned) (Installation of AI and IoT to blast furnaces, expanding the use of scrap, improving coke ovens etc.)

- ≧ Manufacturing eco-friendly products
(Electrical steel sheet, etc.)
- ≧ Development of ultra-innovative steelmaking processes
(R&D on a carbon-recycling blast furnace, CCU, hydrogen ironmaking, an electric arc furnace for high grade steel production)
- ≧ Renewable energy
(Equipment investments targeting renewable energy projects including biomass, geothermal energy, solar power generation, etc.)

Appendix



Main Financial Data

JFE

J-GAAP

	FY13	FY14	FY15	FY16	FY17	FY18
(bn. Yen, times)						
Ordinary Income	173.6	231.0	64.2	84.7	216.3	221.1
EBITDA	368.9	421.5	254.4	279.9	388.8	405.9
ROS	4.7%	6.0%	1.9%	2.6%	5.9%	5.6%
ROE	6.3%	7.7%	1.8%	3.7%	7.6%	8.3%
ROA	4.5%	5.5%	1.7%	2.3%	5.2%	5.1%
Debt Outstanding	1,534	1,501	1,379	1,375	1,331	1,450
Debt/EBITDA Ratio	x4.2	x3.6	x5.4	x4.9	x3.4	x3.6
D/E Ratio	67.9%	59.0%	56.9%	51.4%	58.1%	62.0%
Profit attributable to owners of parent (yen/share)						
	177.4	241.6	58.4	117.8	250.8	285.0
Dividend (yen/share)	40	60	30	30	80	95
Pay-out Ratio	22.5%	24.8%	51.4%	25.5%	31.9%	33.3%

Notes
[IFRS]

*1 EBITDA = Business profit + Depreciation and Amortization

*2 ROS = Business profit / Revenue

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

*4 ROA = Business profit / Total assets

*5 Debt/EBITDA ratio = Interest-bearing debt outstanding / EBITDA

*6 D/E ratio = Interest-bearing 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.

IFRS

(Forecast)

	FY18	FY19	FY20	FY21
(bn. Yen, times)				
Business profit	232.0	37.8	-12.9	390.0
EBITDA *1	428.2	269.4	223.4	640.0
ROS *2	6.0%	1.0%	-0.4%	8.9%
ROE *3	8.6%	-11.1%	-1.3%	15.0%
ROA *4	5.0%	0.8%	-0.3%	8.0%
Interest-bearing debt outstanding	1,524	1,814	1,806	1,900
Debt/EBITDA multiple *5	x3.6	x6.7	x8.1	x3.0
D/E Ratio *6	68.2%	96.4%	93.2%	85.5%
Profit attributable to owners of parent (yen/share)				
	283.8	-343.4	-38.0	468.9
Dividend (yen/share)	95	20	10	140
Pay-out Ratio	33.5%	—	—	29.9%

4.7 Billion Yen Increase in JFE Steel's Segment Profit (FY2021.2Q (Actual) vs. FY2021.3Q (Actual))

JFE

JFE Steel	FY2021					Change (billion yen)
	1Q Actual	2Q Actual	3Q Actual	4Q Forecast	Full Year Forecast	
Segment Profit	69.7	88.8	93.5	51.0	303.0	+4.7

- 1. Cost** **+7.5** • Variable cost reduction etc.
- 2. Volume and Mix** **+2.0** • Crude steel (Standalone) 6.45⇒6.49Mt +0.04Mt
- 3. Sales and Raw materials** **(50.0)** (-8,900 yen/t-shipment)
 • Decline in metal spread due to soaring coking coal prices
- 4. Inventory valuation** **+51.0**
 - Inventory valuation +33.0 (+31.0→+64.0)
 - Carry over of raw materials +15.0 (+15.0→+30.0)
 - Foreign exchange valuation +3.0 (±0.0→+3.0)
- 5. Others** **(5.8)** • Rising in price of metals etc.

42.5 Billion Yen Decrease in JFE Steel's Segment Profit (FY2021.3Q (Actual) vs. FY2021.4Q (Forecast))

JFE

JFE Steel	FY2021					Change (billion yen)
	1Q Actual	2Q Actual	3Q Actual	4Q Forecast	Full Year Forecast	
Segment Profit	69.7	88.8	93.5	51.0	303.0	(42.5)

1. Cost **±0.0**

2. Volume and Mix **+8.0**

• Crude steel (Standalone) 6.49⇒6.80Mt +0.31Mt

3. Sales and Raw materials **+100.0**

(+16,000 yen/t-shipment)

• Expected metal spread improvement by quickly reflecting the coking coal price which soared in the 3Q in the selling price, in addition to falling price of iron ore.

4. Inventory valuation **(108.0)**

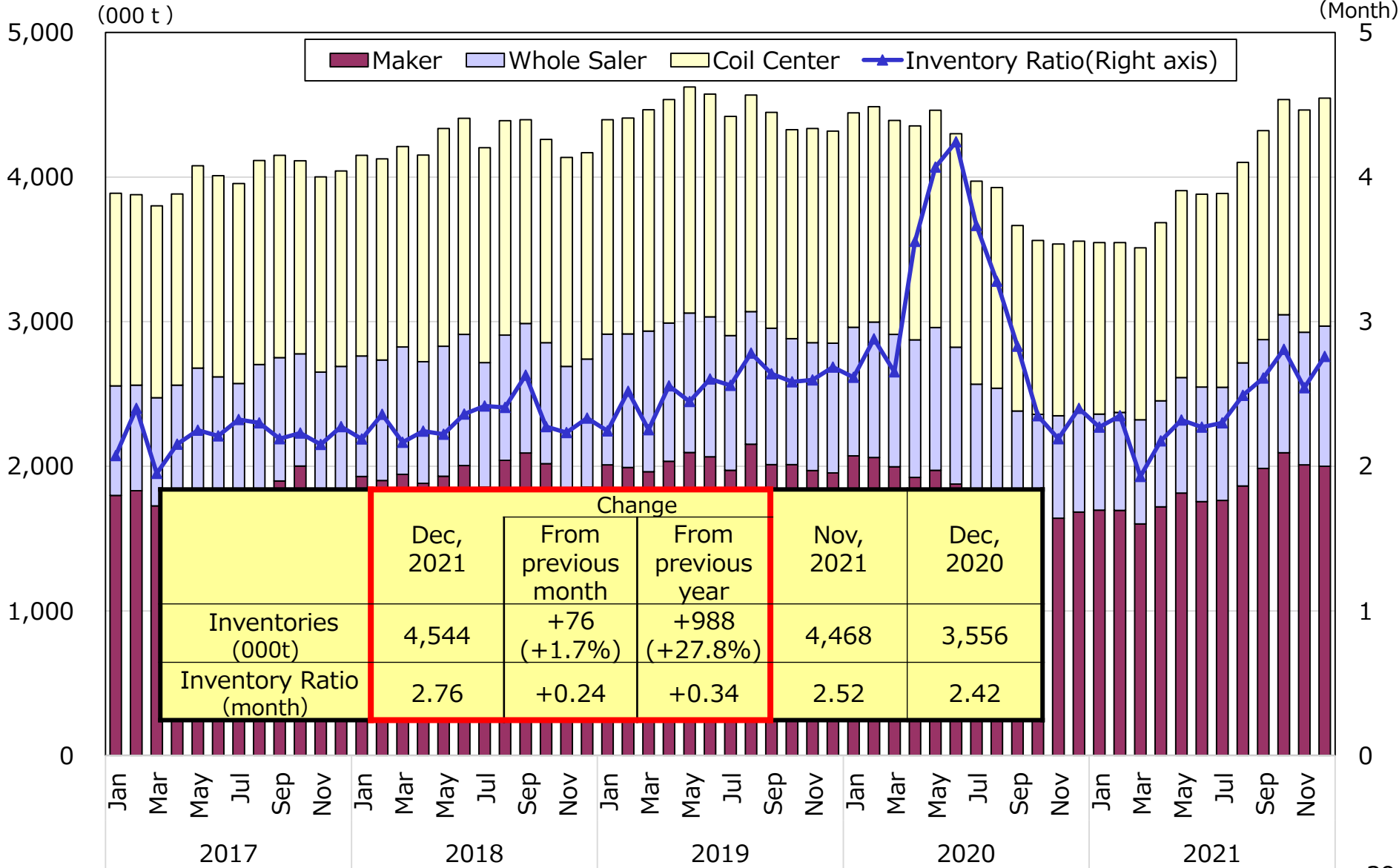
• Inventory valuation -36.0(+64.0→+28.0)
• Carry over of raw material -69.0(+30.0→-39.0)
• Foreign exchange valuation -3.0(+3.0→±0.0)

5. Others **(42.5)**

• Increase in depreciation cost and other expenses etc.

Domestic Market Environment

Combined Inventories of HR, CR and Coated Steel Sheet

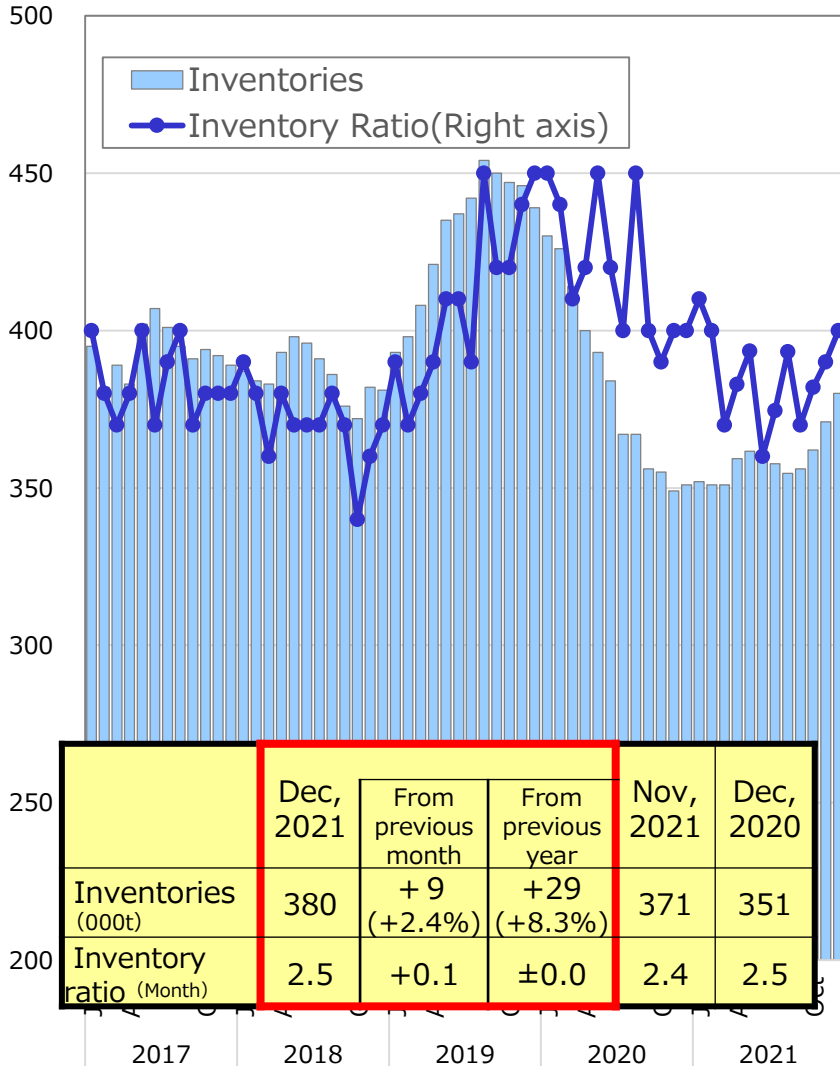




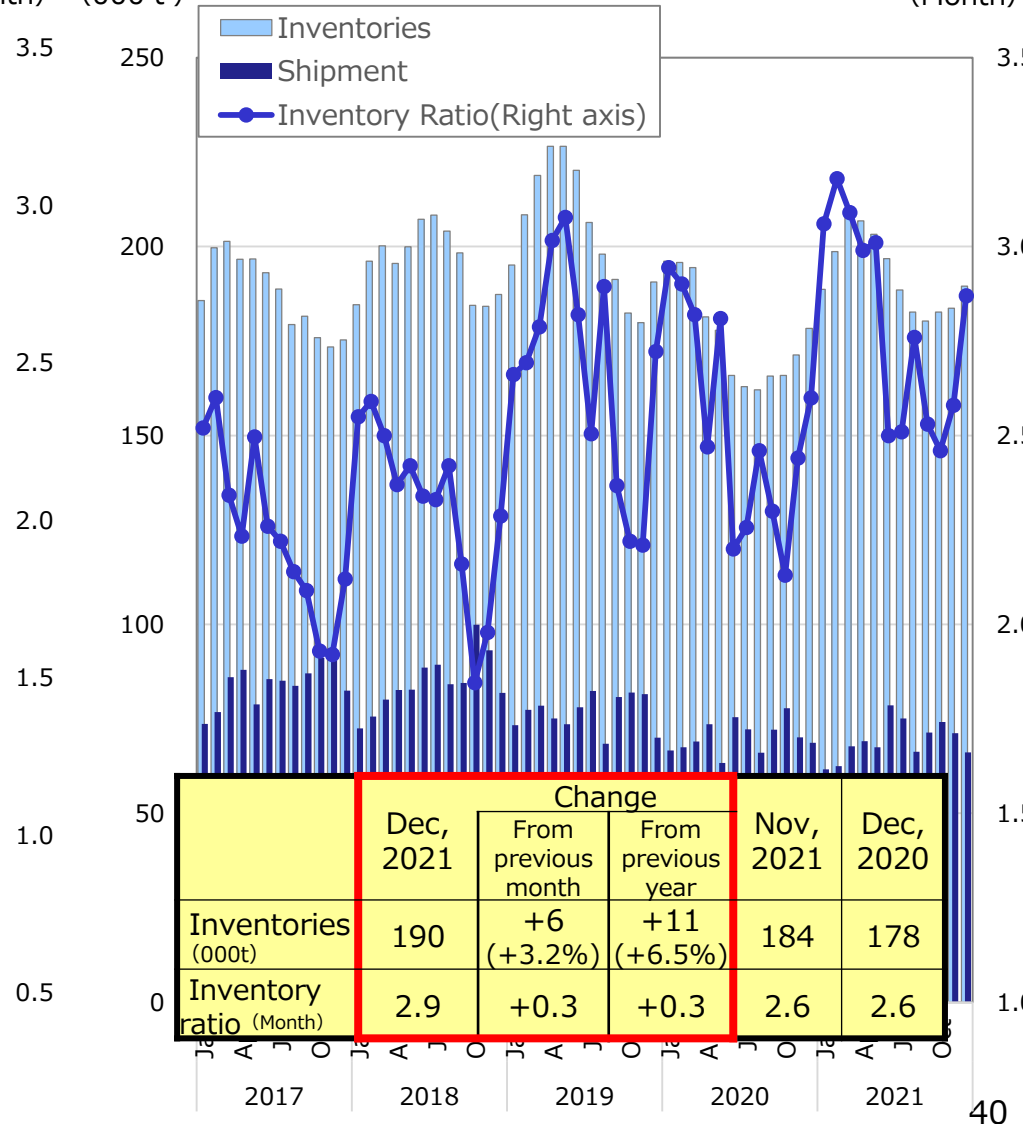
Domestic Market Environment

Inventories of Plate (Plate Shear) and Wide Flange Shapes

(000 t) Inventories of Plate (Plate Shear) (Month)



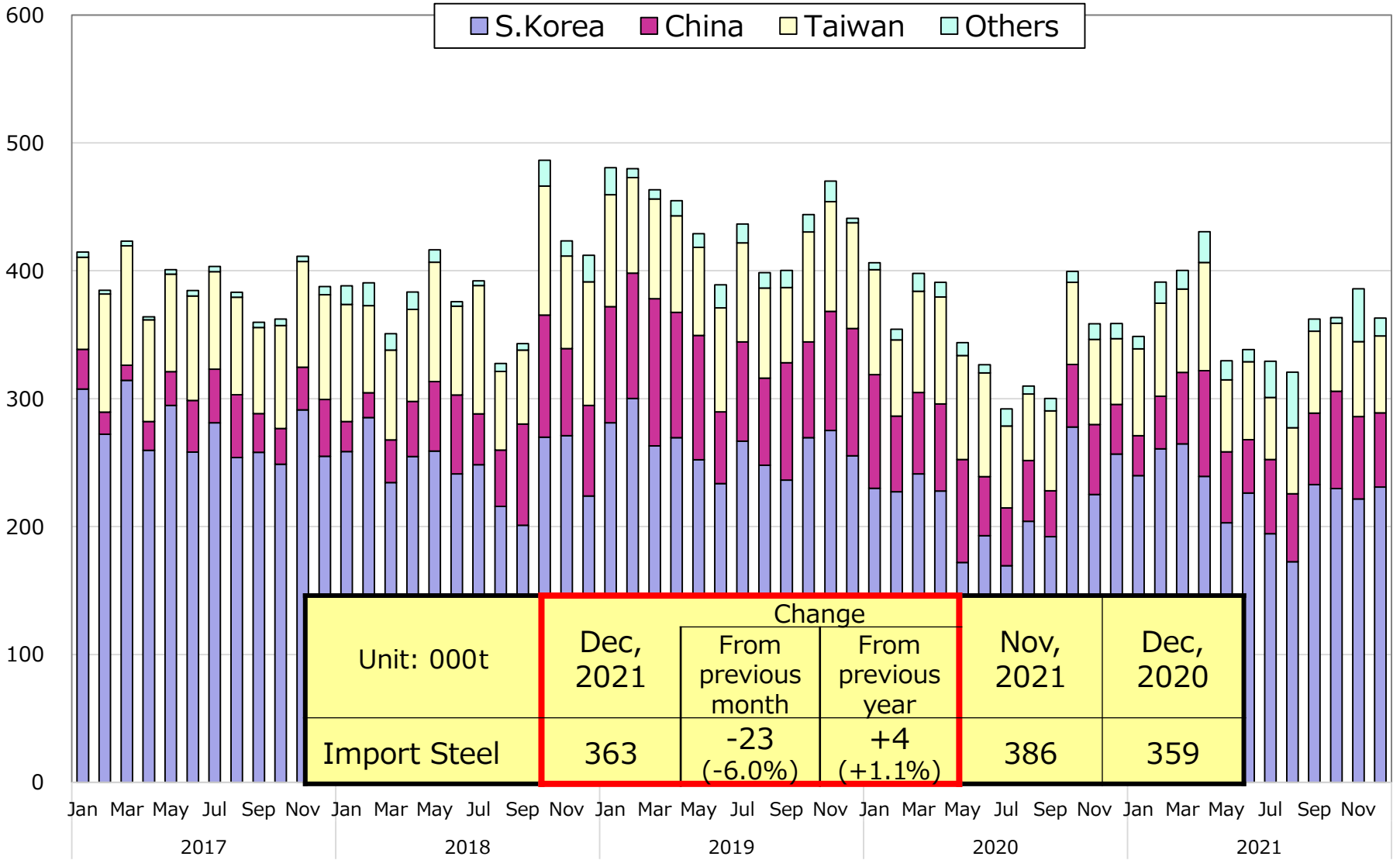
(000 t) Inventories of Wide Flange Shapes (Month)



Domestic Market Environment

Trend of Import Steel (Ordinary Steel)

JFE
(000 t)



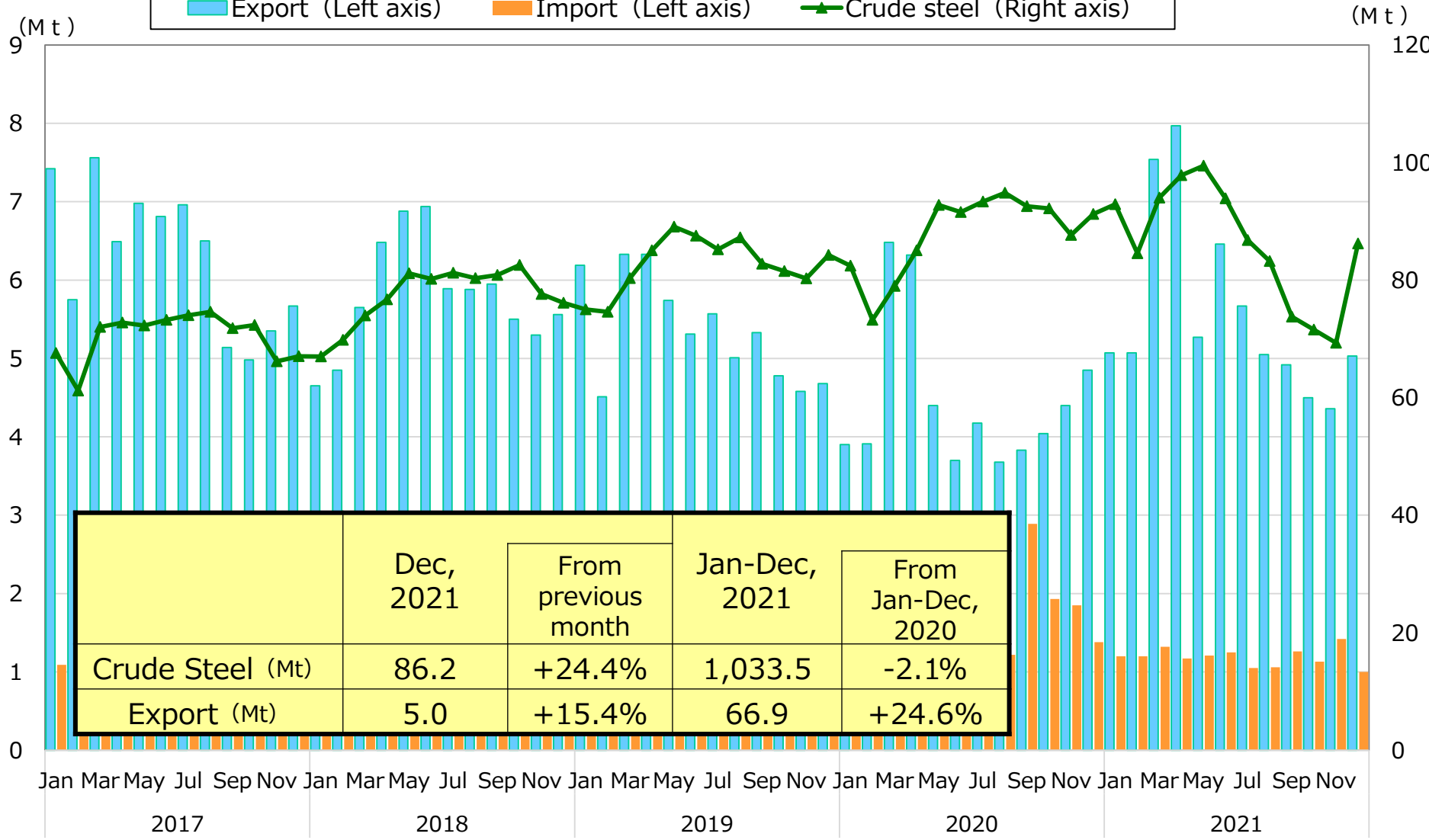
Unit: 000t	Dec, 2021	Change		Nov, 2021	Dec, 2020
		From previous month	From previous year		
Import Steel	363	-23 (-6.0%)	+4 (+1.1%)	386	359

Overseas Market Environment

Crude Steel & Im/Export, China



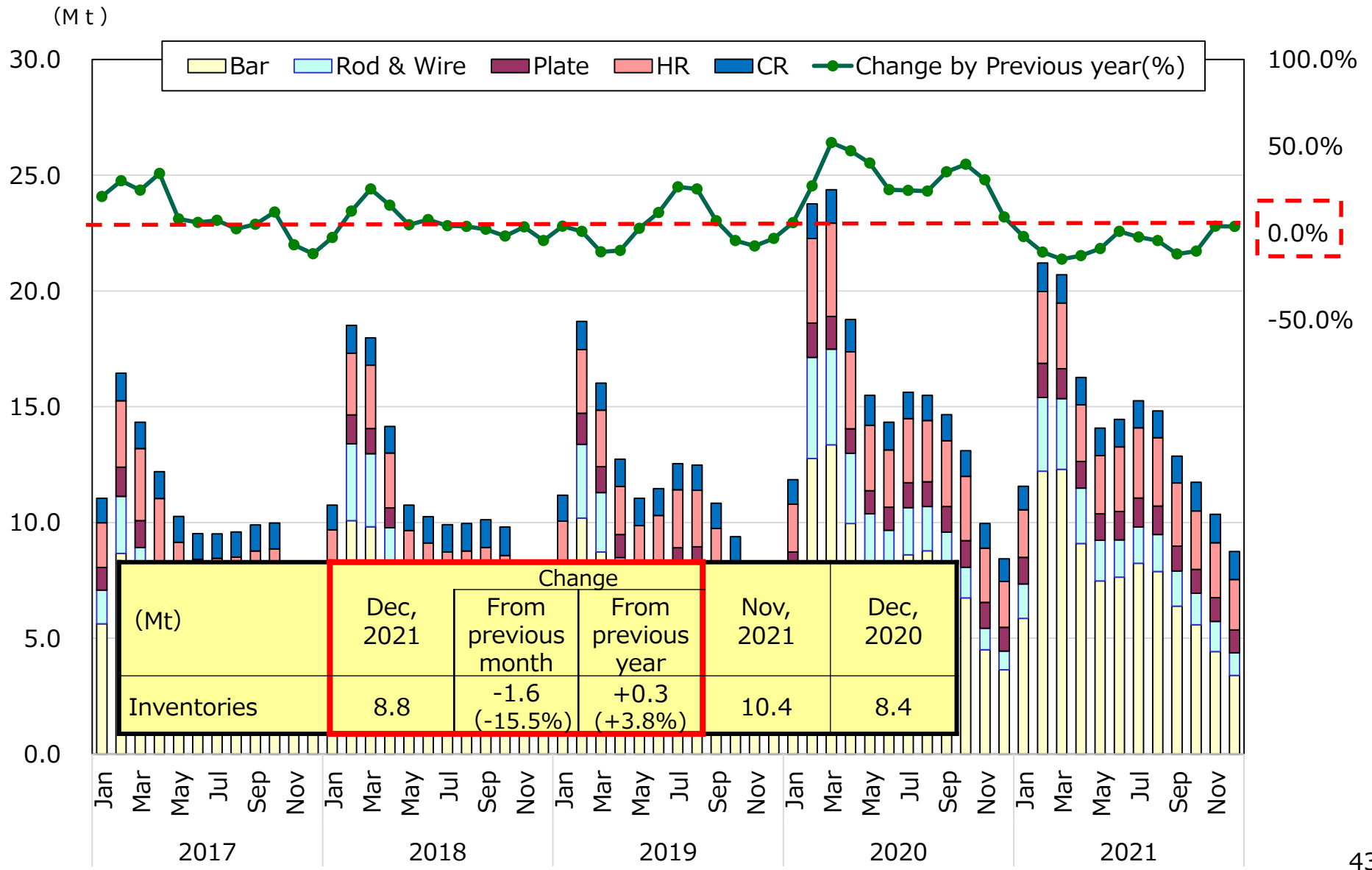
Export (Left axis) Import (Left axis) Crude steel (Right axis)



	Dec, 2021	From previous month	Jan-Dec, 2021	From Jan-Dec, 2020
Crude Steel (Mt)	86.2	+24.4%	1,033.5	-2.1%
Export (Mt)	5.0	+15.4%	66.9	+24.6%

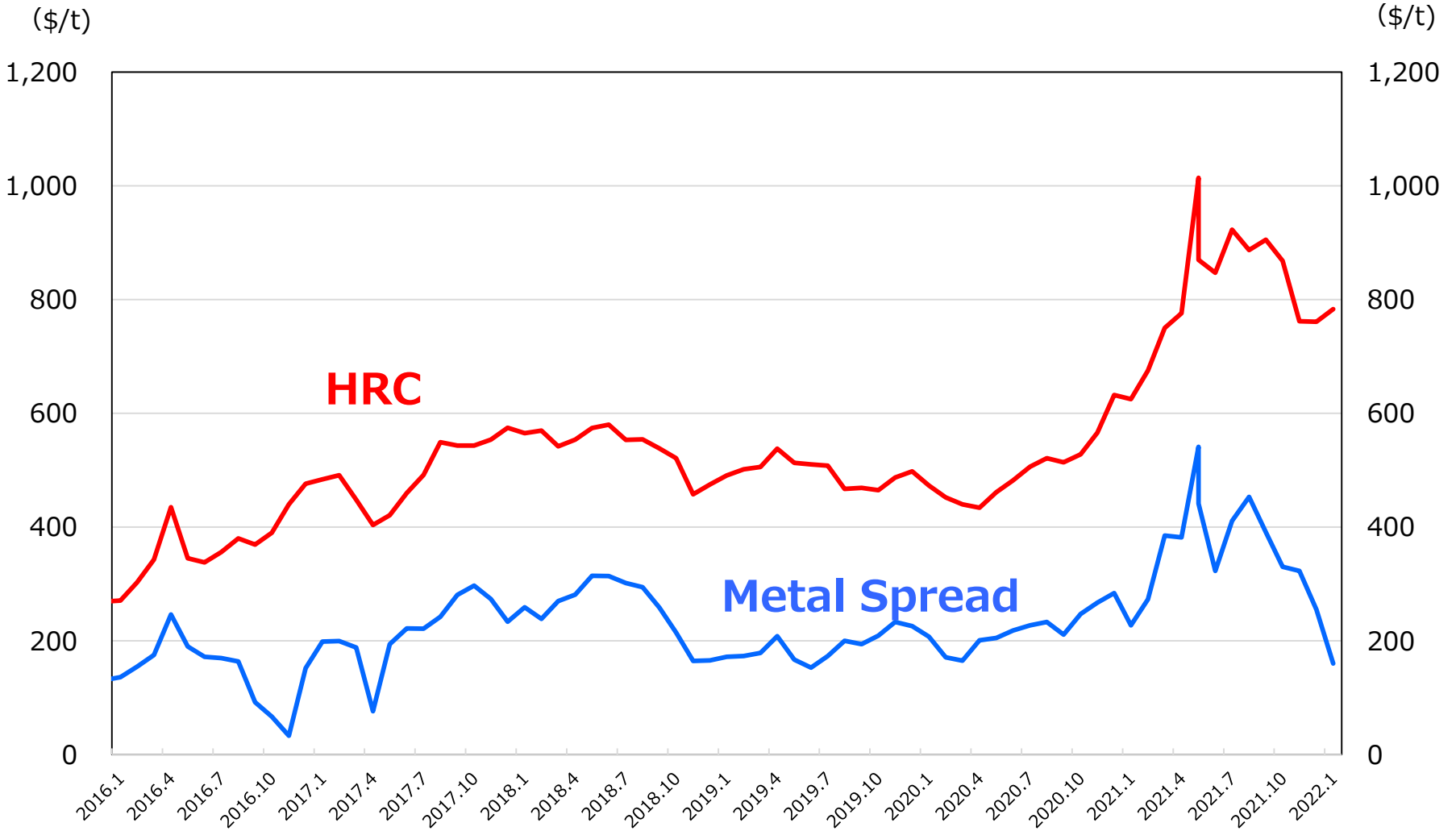
Overseas Market Environment

Inventories in China by Product



Metal Spread Trend (Chinese Spot Basis)

Overseas
Market Environment



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

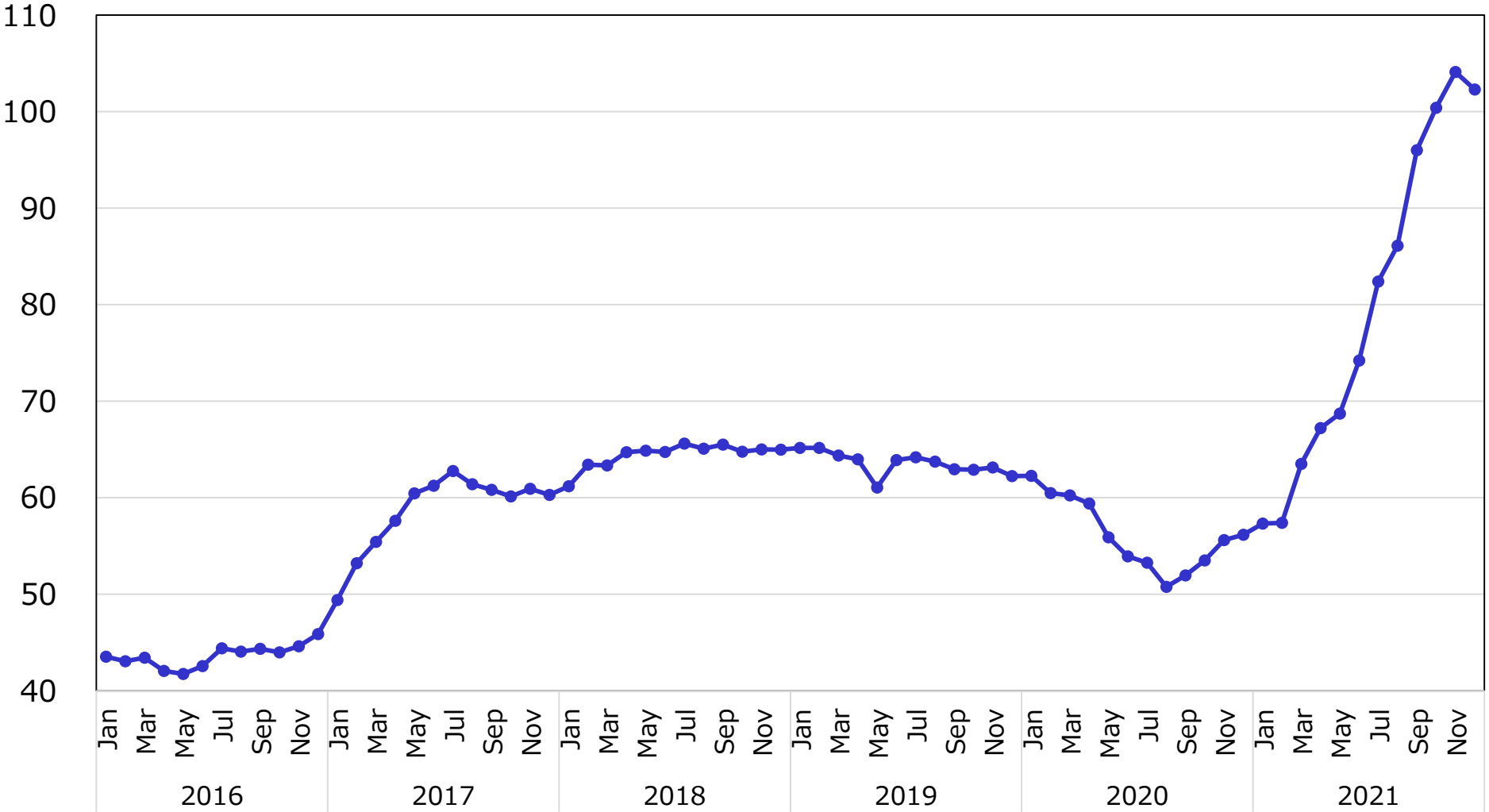


Domestic Market Environment

Price Trend of Import Steel

JFE

(000 yen / t)

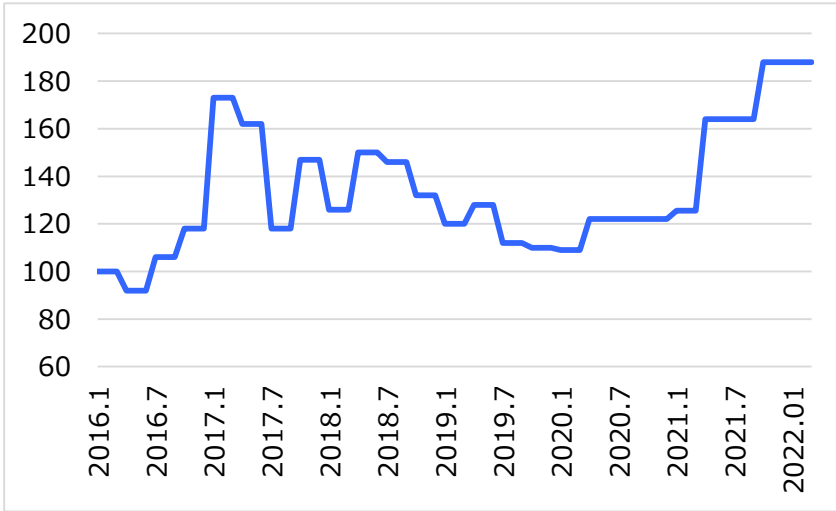


Raw Materials

Trend of Sub Material's Market Price



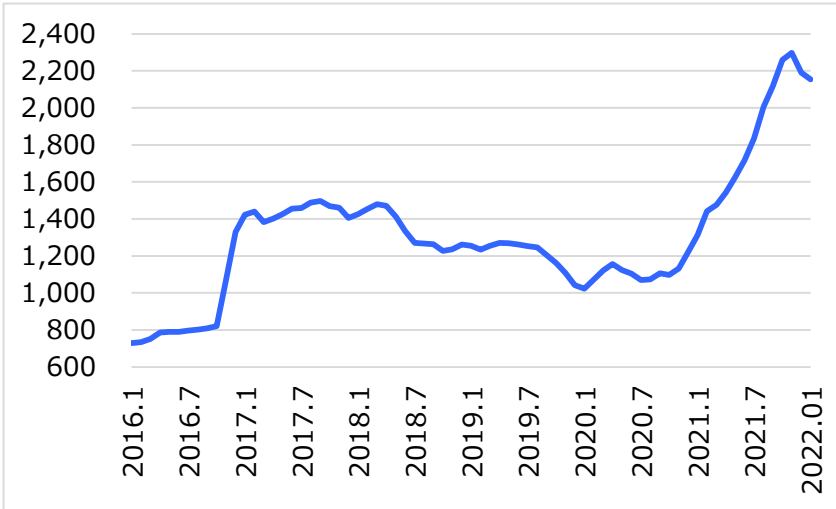
(¢/lb) FeCr



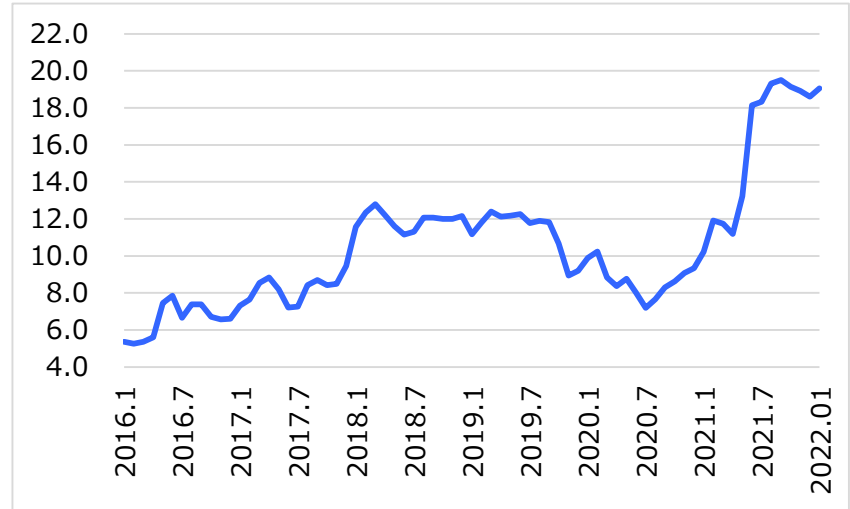
(US\$/t) Zn



(US\$/t) FeMn



(US\$/lb) Mo

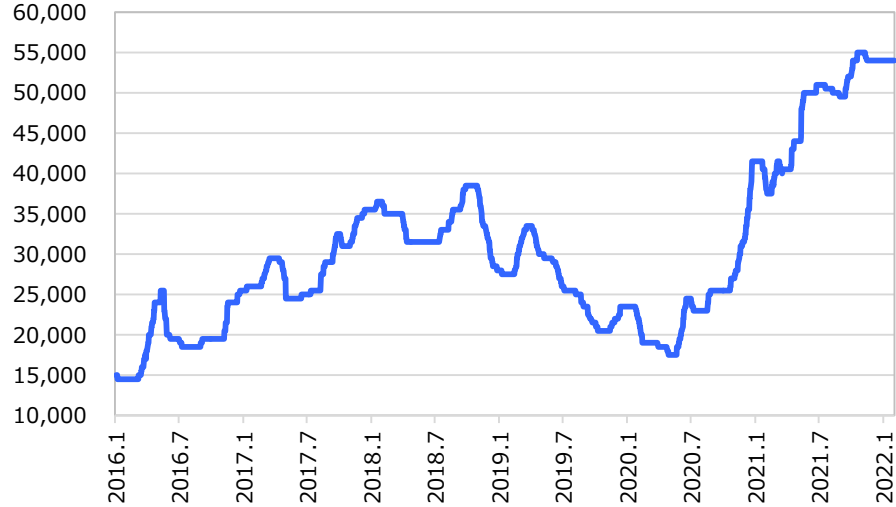


Raw Materials

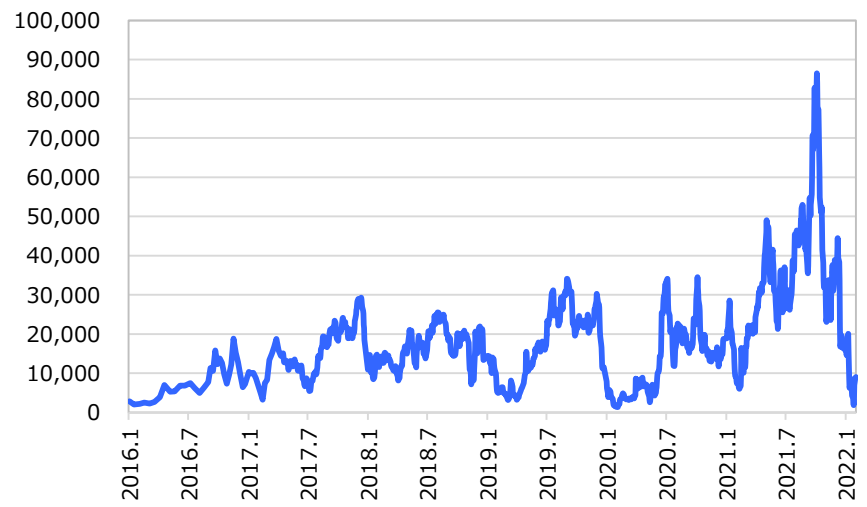
Trend of Sub Material's Market Price



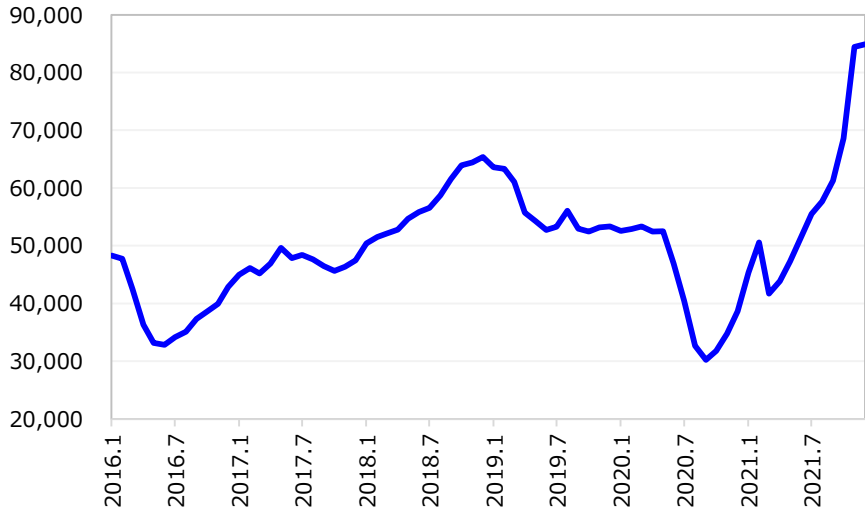
(yen/ t) Scrap



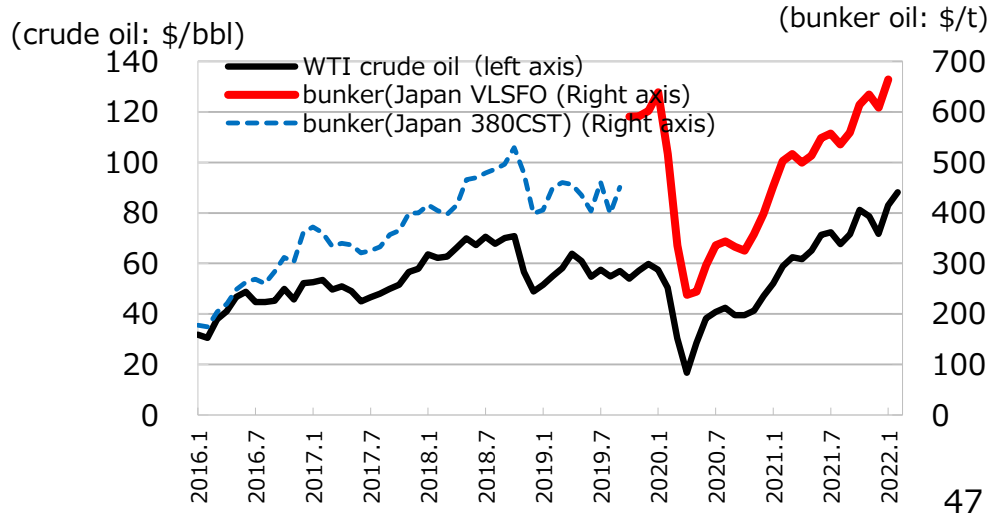
(\$/B) Spot Bulker



(yen/ t) LNG



Oil



Progress of Initiatives of Steel Business

(Structural Reforms and Strategic Investment in Japan)



Facilities			~FY19	FY20	FY21	FY22	FY23~
Structural Reforms	Keihin District	Upstream Facilities					★ To be shut down (~23.9)
		Hot rolling Facilities					★ To be shut down (~23.9)
		Cold-rolling & Hot-dip Galvanizing Facilities	★ Shut down				
	Chiba District	Tin Mills	★ Shut down (2CAL·2ETL)			Facilities manufacturing steel sheet for cans to be shut down (~22.9)	★
Strategic Investments	Chiba & Kurashiki	Blast Furnace			★ Kurashiki Refit No.4 BF(~21.12)	★ Chiba Refit No.6 BF(22.9~12)	
	Kurashiki District	Continuous Casting Machine			★ Installed new Continuous Casting Machine (21.6)		
		Electrical Steel Sheet Facilities					FY24 Reinforce Non-oriented Electrical Steel Sheet Production ★Line
	Fukuyama District	Coke Oven	★ Renewed No.3 Coke Oven(A)		★ Renewed No.3 Coke Oven(B) (21.6)		
		Sintering Machine	★ Installed new Sintering Machine				
		Energy Plants		★ Installed No.2 power generator in Joint Thermal Power			
Ferro Coke Production Facility				← Develop ferro coke production technology →			
Overseas	Mexico NJSM	★ Begun Operating CGL for Automotive Applications					



Orders by Business Area

JFE

(billion yen)

Business Area	FY2020 Actual	FY2021 Forecast	Change	Main orders received in FY2021 ★: New projects received in FY2021 3Q
Waste to Resource	220.0	220.0	0.0	Construction of domestic waste treatment plant [Nara,★Nagoya] Improvement works of domestic waste treatment plant [Kochi] Construction of overseas waste treatment plant [Vietnam]
Carbon Neutral	36.0	82.0	46.0	Renewal construction of Matsukawa geothermal power generation plant[Iwate prefecture] Construction of Mori Binary power generation plant [Hokkaido] ★Construction of Tahara Biomass Power plant [Aichi]
Combined Utility Service	11.0	15.0	4.0	
Core Infrastructure	234.1	213.0	-21.1	Installation of offsite equipment of Himeji power generation [Hyogo] ★Reconstruction of Sludge Treatment Plant at Iriezaki General Sludge Center [Kawasaki] Construction of domestic bridge (Tokai-Kanjo Expressway [Gifu]) Reconstruction of domestic bridge (Tomei Expressway [Shizuoka], Shuto Expressway [Tokyo], Chuo Expressway[Nagano])
Total	501.1	530.0	28.9	



Evaluation for ESG initiatives etc.

JFE

Evaluation by CDP 2021: A High Rating of [A-] for Climate Change and Water Security

Released on December 7th, 2021



- Received [A-] for 2 areas, climate change and water security, by the CDP, a British nongovernmental organization (NGO) that conducts ESG evaluation.
- The score for climate change ranked up from [B] to [A-] this year, in accordance with our continuous measures to environmental reservation and our initiatives for carbon neutrality.
- JFE is one of the best-rated steelmakers in the world to be received [A-] both for climate change and water security.

Evaluation by The 5th NIKKEI Smart Work Management: ★ 4

Released on November 5th, 2021

- The NIKKEI selects companies that try to improve productivity through work style reforms in “NIKKEI Smart Work Management Survey”.
- The score improved from ★3.5 to ★4, one of the highest rated steelmakers in Japan*.

*BF steel manufacturers, EAF steel manufacturers, and other steelmakers



Revision of Corporate Governance Report




Disclosed on December 3rd, 2021

- Corporate Governance Code has been revised in June 2021 by Financial Services Agency amid the revision of market divisions in Tokyo Stock Exchange.
- As JFE has decided to be listed on the Prime Market, JFE has also revised its corporate governance report following the revised Corporate Governance Code.

Links to the reports published during FY2021



JFE

Report	URL	QR code
JFE Group REPORT 2021	https://www.jfe-holdings.co.jp/en/investor/library/group-report/index.html	
JFE Group CSR REPORT 2021	https://www.jfe-holdings.co.jp/en/csr/data/index.html	
JFE Group CSR REPORT 2021 ESG Data	https://www.jfe-holdings.co.jp/en/csr/pdf/2021/2021_08.pdf	
DX REPORT 2021	<Coming soon>	



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