

**Accounts Settlement for
2nd-Quarter Period of Fiscal 2017
(Results Summary & Business
Performance Forecast)**

November 2nd, 2017



JFE Shoji Trade Corporation

1. FY2017 2nd-Quarter Accounts Settlement: Key Points
2. Consolidated Statements of Income
3. Consolidated Balance Sheet
4. Consolidated Statement of Cash Flows
5. Forecasts for FY2017 Business Performance
6. <Ref.> Net Sales and Ordinary Income (Consolidated)

1. FY2017 2nd-Quarter Accounts Settlement: Key Points

- ◆ **Net sales increased ¥140.4 billion year on year, to ¥916.2 billion, due primarily to rising prices of steel products in domestic and overseas markets.**
- ◆ **Ordinary income increased ¥8.6 billion, to ¥16.2 billion, owing to rising prices of steel products, and earnings recovery of Overseas subsidiaries.**
- ◆ **Net income increased ¥8.9 billion to ¥13.3 billion.**

2. Consolidated Statements of Income

(Billions of yen)

	FY2017 2nd Q	FY2016 2nd Q	change	
				% change
Net sales	916.2	775.8	① 140.4	18%
Gross profit	48.4	37.9	10.5	28%
Gross profit margin	5.3%	4.9%	0.4%	
Selling, general and administrative expenses	32.2	29.2	3.0	10%
Operating income	16.1	8.7	7.4	85%
Non-operating income	0.1	(1.1)	1.2	
Ordinary income	16.2	7.6	② 8.6	113%
Extraordinary income (losses)	2.2	-	③ 2.2	
Income before income taxes	18.5	7.6	10.9	143%
Net income	13.3	4.4	8.9	202%

① Net sales

● JFE Shoji Trade (nonconsolidated)	96.3
● Domestic subsidiaries	25.9
● Overseas subsidiaries	37.6

② Ordinary income

● JFE Shoji Trade (nonconsolidated)	2.7
● Domestic subsidiaries	1.7
● Overseas subsidiaries	5.8

③ Extraordinary income (losses)

Gain on sale of investment securities	2.2
---------------------------------------	-----

3. Consolidated Balance Sheet

(Billions of yen)

	Reporting 2nd Q-end (end of September)	Previous year-end	change
Total assets	676.1	643.0	① 33.1
Total liabilities	486.9	467.3	② 19.6
Net assets	189.1	175.7	③ 13.4
Interest-bearing liabilities	128.8	119.5	9.3
*D/E ratio	0.70	0.71	(0.01)
*Equity ratio	27.0%	26.3%	0.7

① Total assets

Trade notes and accounts receivable	23.7
Increase in inventories	7.6

② Total liabilities

Increase in purchase debts	4.4
Increase in borrowing	9.4
Increase in accrued expenses	4.0

③ Net assets

Net income	13.3
Acquire JFE Shoji Electrical Steel	3.5
Marketable securities valuation difference	(1.8)
Foreign currency translation adjustment	(1.6)

*D/E ratio = interest-bearing liabilities / (net assets – non-controlling interests)

*Equity ratio = (net assets - non-controlling interests) / total assets

4. Consolidated Statement of Cash Flows

(Billions of yen)

	FY2017 2nd Q (April - September)
Cash flows from operating activities	(12.6)
Cash flows from investing activities	3.0
Free cash flow	(9.6)
Cash flows from financing activities	7.0
Effect of exchange rate change on cash and cash equivalents	(0.2)
Net increase in cash and cash equivalents	(2.8)
Cash and cash equivalents at beginning of year	43.8
Cash and cash equivalents at end of half period of fiscal 2016	41.0

● Cash flows from operating activities

Income before income taxes	18.5
Depreciation and amortization	3.6
Increase in advances to customers	(20.2)
Increase in inventories	(8.1)
Income taxes paid (net of refunding) (and others items)	(4.0)

● Cash flows from investing activities

Acquisition of fixed assets	(3.3)
Sale of investment securities	4.6
Cash and deposits of JFE Shoji Electrical steel	2.0

● Cash flows from financing activities

Increase in borrowings	8.4
Payment for dividends (and other items)	(1.2)

5. Forecasts for FY2017 Business Performance

(Billions of yen)

	FY 2016		Forecast of FY 2017		change
	2nd-Q	Year	2nd-Q	Year	Year
Net sales	775.8	1,671.0	916.2	1,830.0	159.0
Net income	7.6	21.8	16.2	29.0	7.2

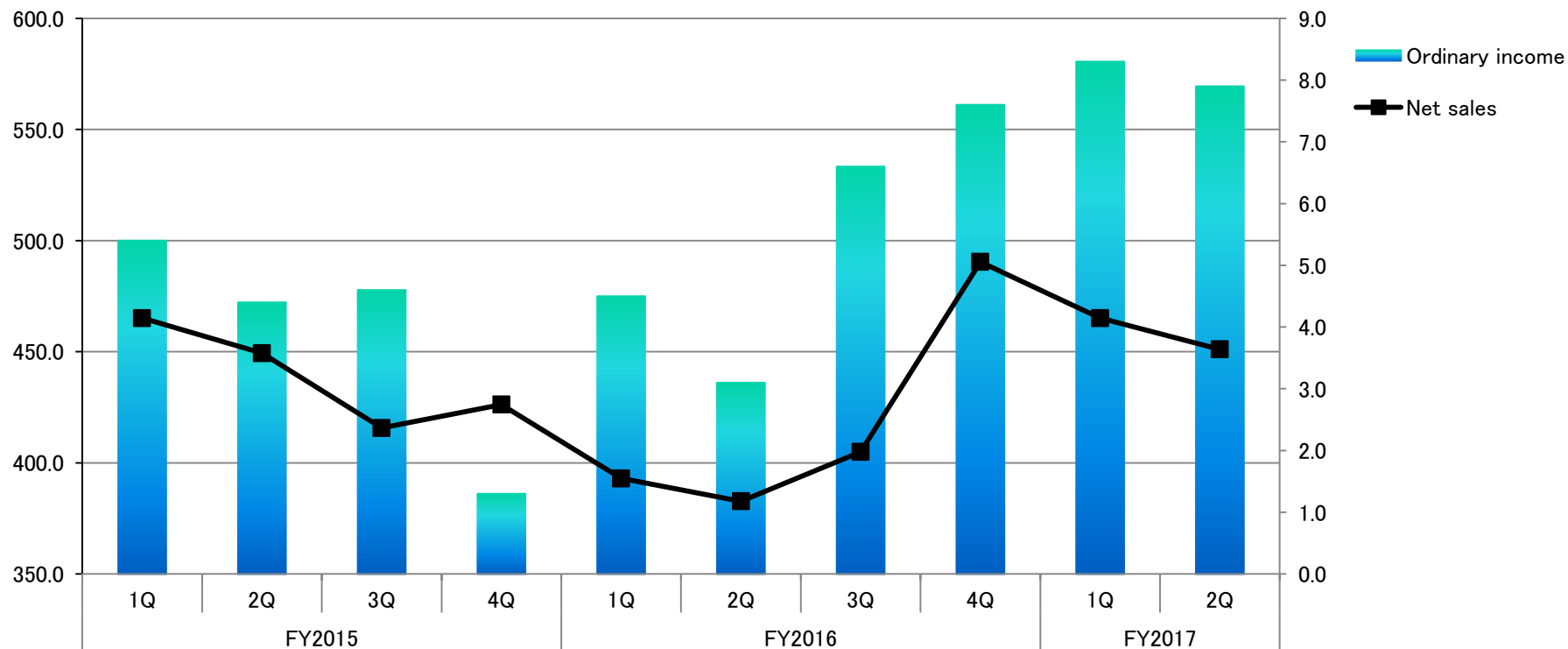
It is expected that ordinary income would increase from previous year end, due to rising prices of steel products and earnings recovery of Overseas subsidiaries as well as steady demands for steel products for urban redevelopment projects related to 2020 Tokyo Olympic.

6. <Reference> Net Sales and Ordinary Income (Consolidated)

Net sales and Ordinary Income (Consolidated)

Billions of yen

Billions of yen



(Billions of yen)

	FY2015				FY2016				FY2017	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	465.1	449.4	415.7	426.2	393.0	382.7	404.9	490.4	465.1	451.1
Ordinary income	5.4	4.4	4.6	1.3	4.5	3.1	6.6	7.6	8.3	7.9



JFE

Disclaimer

The reader is advised that this presentation contains forward-looking statements. As opposed to statements of historical fact, these constitute estimates or projections based on facts known to the Company's management at the time of writing, and actual results may therefore differ substantially from such statements.