

JFE Holdings' Financial Results in First Quarter of Fiscal Year 2013 Ending March 31, 2014

— All financial information has been prepared in accordance with generally accepted accounting principles in Japan —
(Note: The following is an English translation of an original Japanese document)

July 26, 2013

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Listings:	Tokyo and Nagoya stock exchanges
Code:	5411
English URL:	www.jfe-holdings.co.jp/en
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Scheduled date to submit Securities Report:	July 30, 2013
Preparation of supplementary materials:	Yes
Quarterly results briefing:	Yes

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

1. Consolidated Results in First Quarter of Fiscal 2013 (April 1 to June 30, 2013)

(1) Consolidated Operating Results (cumulative total)

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)	Net income per share [fully diluted] (yen)
1Q FY 2013	839,828	14.9	25,087	109.4	35,237	256.6	22,965	26.6	39.79	-
1Q FY 2012	730,630	(3.2)	11,981	(45.2)	9,882	(61.1)	18,135	154.6	33.67	33.35

Note: Comprehensive income 59,853 million yen in 1Q FY 2013 (-)
5,255 million yen in 1Q FY 2012 (down 50.7%)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 1Q FY 2013	4,105,891	1,644,546	39.1	2,781.85
End FY 2012	4,107,519	1,596,797	37.9	2,700.83

Note: Shareholders' equity 1,605,366 million yen as of June 30, 2013
1,558,675 million yen as of March 31, 2013

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2012	20.00	0.00	20.00
FY 2013 (estimate)	-	20.00	-

Note: Revisions to the dividend forecast announced most recently: Yes
The year-end dividend and the total dividend are not yet determined.

3. Forecasts of Consolidated Financial Results in Fiscal 2013

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Net income (million yen)	Year-on-year change (%)	Net income per share (yen)
1H FY 2013	1,760,000	21.0	65,000	483.8	70,000	-	45,000	-	77.98
FY 2013	-	-	-	-	170,000	225.6	-	-	-

Note: Revisions to the consolidated financial results forecasts announced most recently: Yes

The company has decided to publish only its ordinary income forecast for fiscal 2013 as forecasting net sales, operating income, net income and net income per share with reasonable accuracy is not possible at this stage. For details, please refer to "(2) Consolidated results forecasts" on page 2 of the attached document.

***Notes**

1. Significant change in subsidiaries during the term (change in designated subsidiaries resulting in adjustment to the scope of consolidation): No
2. Application of special accounting method in the preparation of quarterly consolidated financial statements: No
3. Changes in accounting policies, accounting estimates and restatements
 - 1) Changes in the accounting policies resulting from amendments to accounting standards: No
 - 2) Changes other than 1) above: No
 - 3) Changes in the accounting estimates: No
 - 4) Restatements: No
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of June 30, 2013: 614,438,399 shares
 - As of March 31, 2013: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of June 30, 2013: 37,352,490 shares
 - As of March 31, 2013: 37,328,220 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 1Q FY 2013: 577,098,312 shares
 - 1Q FY 2012: 538,617,300 shares

Status of Quarterly Review

At the point of disclosing these quarterly financial results, the review of consolidated balance sheets in accordance with the Financial Instruments and Exchange Act was underway.

Explanation of appropriate use of results forecasts, and other matters of note

1. Forecasts are based on information available on the date of publication of this document as well as rational assumptions that we have made regarding certain factors. Actual results may vary significantly from these forecasts due to a wide range of circumstances.
2. Notes to the financial results can be viewed at the JFE Holdings website.

Attachments

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1. Qualitative Information

(1) Consolidated business results

Although the Japanese economy in the first quarter of fiscal 2013 (ended June 30, 2013) saw signs of recovery in production and exports, it was still impacted by downward risks due to global economic uncertainties.

On a consolidated basis, net sales of 839.8 billion yen rose from the year earlier. Increases were also achieved in operating income of 25.0 billion yen and ordinary income of 35.2 billion yen, as well as net income before income taxes and minority interests of 35.2 billion yen and net income of 22.9 billion yen.

By segment, JFE's steel business posted a decline in net sales to 623.2 billion yen due to lower sales prices. Ordinary income rose to 26.2 billion yen as inventories improved due to changes in the raw materials market and steady efforts to strengthen earnings.

Engineering business net sales decreased to 45.4 billion yen due to reduced construction orders. An ordinary loss of 0.5 billion yen was recorded.

Trading business net sales came to 422.3 billion yen, while ordinary income of 5.0 billion yen benefited from increased domestic sales of construction materials. Year-to-year comparisons are not available because this business segment was newly added in the third quarter of last fiscal year.

(2) Consolidated results forecasts

The following are forecasts for each business segment in the first half of fiscal 2013.

In the steel business, domestic sales are improving due to a more favorable environment for orders from the private industry as well as the public sector, where an emergency economic stimulus package has boosted public spending. Conditions for overseas sales are weakening, partly due to slowdowns in emerging and developing economies and steel oversupply in China. The company is striving to strengthen earnings by expanding sales of highly profitable products and improving cost competitiveness. At present, ordinary income of 60.0 billion yen is forecast.

Engineering business is forecast to achieve ordinary income of 1.0 billion yen thanks to thorough efforts to improve earnings despite unfavorable business conditions.

In trading business, ordinary income of 9.0 billion yen is forecast due to increase in domestic sales of construction materials.

JFE Holdings' first half consolidated forecasts are net sales of 1,760.0 billion yen, operating income of 65.0 billion yen, ordinary income of 70.0 billion yen and net income of 45.0 billion yen.

Although full-year forecasts with reasonable accuracy are not possible due to uncertain trends in raw materials, etc., the company envisions full-year ordinary income of approximately 170 billion yen. This assumes ordinary income of approximately 100 billion yen in the second half based on a

recovery in earnings.

The company intends to pay an interim dividend of 20 yen based on current income and profit. The year-end dividend will be decided once actual performance becomes clearer.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2013	(million yen) As of June 30, 2013
(Assets)		
Current assets:		
Cash and deposits	64,621	59,056
Notes and accounts receivable	597,275	536,265
Merchandise and finished goods	286,524	303,613
Work in process	32,554	46,047
Raw materials and supplies	369,290	384,226
Other current assets	173,519	182,690
Allowance for doubtful accounts	(1,628)	(1,518)
Total current assets	1,522,157	1,510,381
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	420,458	418,499
Machinery and equipment, net	588,310	580,492
Land	509,239	509,524
Other property, plant and equipment, net	88,853	87,815
Total property, plant and equipment, net	1,606,862	1,596,331
Intangible assets	53,970	52,736
Investments and other assets:		
Investments in securities	749,249	784,837
Other assets	183,465	169,187
Allowance for doubtful accounts	(8,185)	(7,584)
Total investments and other assets	924,529	946,440
Total non-current assets	2,585,362	2,595,509
Total assets	4,107,519	4,105,891

	As of March 31, 2013	(million yen) As of June 30, 2013
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	365,308	349,958
Short-term borrowings	325,368	320,081
Commercial paper	-	32,999
Current portion of corporate bonds	40,000	40,000
Allowances	4,146	3,869
Other current liabilities	291,435	280,072
Total current liabilities	1,026,259	1,026,981
Long-term liabilities:		
Corporate bonds	275,000	275,000
Long-term borrowings	955,995	907,694
Accrued retirement benefits	118,845	117,428
Other allowances	77,304	77,195
Other long-term liabilities	57,317	57,046
Total long-term liabilities	1,484,462	1,434,363
Total liabilities	2,510,722	2,461,345
(Net assets)		
Owners' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	886,338	897,728
Treasury stock, at cost	(178,529)	(178,575)
Total owners' equity	1,502,072	1,513,417
Accumulated other comprehensive income:		
Net unrealized gains on securities	69,184	79,884
Deferred earnings on hedges	(138)	236
Revaluation reserve for land, net of tax	14,243	14,243
Translation adjustments	(26,687)	(2,415)
Total accumulated other comprehensive income	56,602	91,949
Minority interests	38,121	39,180
Total net assets	1,596,797	1,644,546
Total liabilities and net assets	4,107,519	4,105,891

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	First Quarter of Fiscal 2012	(million yen) First Quarter of Fiscal 2013
Net sales	730,630	839,828
Cost of sales	660,082	743,786
Gross margin	70,547	96,042
Selling, general and administrative expenses	58,566	70,955
Operating income	11,981	25,087
Non-operating income:		
Interest income	189	251
Dividends received	3,584	4,278
Equity in earnings of affiliates	3,438	6,831
Other non-operating income	6,558	11,410
Total non-operating income	13,770	22,772
Non-operating expenses:		
Interest expense	3,567	3,451
Loss on disposal/sales of property, plant and equipment	2,027	2,993
Other non-operating expenses	10,273	6,177
Total non-operating expenses	15,869	12,622
Ordinary income	9,882	35,237
Income before income taxes and minority interests	9,882	35,237
Income taxes	(8,878)	11,563
Net income before minority interests	18,761	23,673
Minority interests	625	708
Net income	18,135	22,965

Consolidated Statements of Comprehensive Income

	First Quarter of	(million yen) First Quarter of
	Fiscal 2012	Fiscal 2013
Net income before minority interests	18,761	23,673
Other comprehensive income:		
Net unrealized gains on securities	(28,317)	9,141
Deferred earnings on hedges	169	914
Translation adjustments	3,490	10,148
Equivalent share of gain/loss to equity method affiliates	11,151	15,975
Total other comprehensive income	(13,506)	36,179
Comprehensive income:	5,255	59,853
(breakdown)		
Comprehensive income attributable to parent shareholder	4,290	58,311
Comprehensive income attributable to minority shareholders	964	1,542

(3) Notes pertaining to the presumption of a going concern

There are no items this period.

(4) Notes in case of significant changes to shareholders' equity

There are no items this period.

3. Reference

1. Consolidated Results in First Quarter and Earnings Forecasts for First Half of Fiscal 2013

	FY 2012				FY 2013		Change	
	1Q	1H	2H	Full year	1Q	1H*	1Q	1H*
	Steel Business	636.7	1,269.9	1,229.8	2,499.8	623.2	1,320.0	(13.5)
Engineering Business	56.4	112.7	154.7	267.5	45.4	110.0	(11.0)	(2.7)
Shipbuilding Business ¹	46.0	92.3	47.4	139.8	-	-	(46.0)	(92.3)
Trading Business ²	-	-	785.6	785.6	422.3	860.0	422.3	860.0
Adjustments ³	(8.6)	(20.5)	(483.2)	(503.8)	(251.1)	(530.0)	(242.5)	(509.5)
Net Sales	730.6	1,454.6	1,734.5	3,189.1	839.8	1,760.0	109.2	305.4
Operating Income	11.9	11.1	28.7	39.8	25.0	65.0	13.1	53.9
Non-operating Income (Expenses)	(2.1)	(7.0)	19.4	12.3	10.2	5.0	12.3	12.0
Steel Business	5.9	(3.0)	18.3	15.3	26.2	60.0	20.3	63.0
Engineering Business	1.7	4.7	11.6	16.4	(0.5)	1.0	(2.2)	(3.7)
Shipbuilding Business ¹	2.4	4.4	3.5	8.0	-	-	(2.4)	(4.4)
Trading Business ²	-	-	7.4	7.4	5.0	9.0	5.0	9.0
Adjustments ^{1,3}	(0.2)	(2.0)	7.0	4.9	4.4	0.0	4.6	2.0
Ordinary Income (Loss)	9.8	4.0	48.1	52.2	35.2	70.0	25.4	66.0
Extraordinary Profit (Loss)	0.0	(16.3)	39.5	23.1	0.0	0.0	0.0	16.3
Income Before Income Taxes and Minority Interests	9.8	(12.2)	87.6	75.3	35.2	70.0	25.4	82.2
Tax Expense and Minority Interest	8.2	13.7	(49.5)	(35.7)	(12.2)	(25.0)	(20.4)	(38.7)
Net Income	18.1	1.4	38.1	39.5	22.9	45.0	4.8	43.6

* estimate

¹ Universal Shipbuilding Corporation, formerly a consolidated subsidiary, was consolidated with IHI Marine United Inc. and became an equity-method affiliate of JFE Holdings named Japan Marine United Corporation on January 1, 2013. Equity in earnings of affiliates of Japan Marine United Corporation after January, 2013 is included in the adjustments.

² JFE Shoji, previously an equity-method affiliate of the Group's steel business, became a wholly owned subsidiary of JFE Holdings through a share exchange on October 1, 2012. Consequently, JFE Shoji's results were listed under Trading Business from the second half of fiscal 2012.

³ JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

2. Consolidated financial indices

	Fiscal 2012	1H Fiscal 2013	Change
Return on Sales (ROS) ¹	1.6%	4.0%	2.4%
Return on Assets (ROA) ²	1.6%	3.8%	2.2%
Debt Outstanding	1,596.3 billion yen	1,570.0 billion yen	(26.3 billion) yen
Shareholders' Equity	1,558.6 billion yen	1,630.0 billion yen	71.4 billion yen
D/E Ratio	102.4%	96.3%	(6.1)%
D/E Ratio ³	76.9%	72.5%	(4.4)%

¹ ROS = Ordinary income / net sales

² ROA = Ordinary income before interest expenses / Total assets (average)

³ 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.

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012	Non-consolidated	7.24	7.09	14.32	6.84	6.82	13.65	27.97
	Consolidated	7.92	7.76	15.68	7.52	7.49	15.01	30.69
FY 2013	Non-consolidated	7.05	7.30*	14.40*				
	Consolidated	7.82	8.00*	15.90*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		6.17	6.55	12.72	6.14	6.37	12.51	25.23
FY 2013		6.15	6.70*	12.90*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		48.5	50.5	49.5	48.1	52.5	50.3	49.9
FY 2013		51.0	51*	51*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		80.8	78.7	79.7	79.8	90.1	84.9	82.3
FY 2013		97.7	99.5*	98.6*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2012		75.7	70.1	72.8	68.7	68.0	68.4	70.6
FY 2013		73.4	77*	75*				

* estimate

8. Engineering Business Orders (including inter-segment transactions)

(billion yen)

1H FY 2013

180*

63.6 % increase from previous year

* estimate

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