

JFE Holdings' Financial Results through Third Quarter of Fiscal Year 2014 Ending March 31, 2015

— 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)

January 30, 2015

Official name:	JFE Holdings, Inc.
Listings:	Tokyo and Nagoya stock exchanges
Code:	5411
English URL:	www.jfe-holdings.co.jp/en
Representative:	Hajime Bada, President and CEO
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Scheduled date to submit Quarterly Securities Report:	February 4, 2015
Preparation of supplementary materials for quarterly results:	Yes
Quarterly results briefing:	Yes

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

1. Consolidated Results through Third Quarter of Fiscal 2014 (April 1 to December 31, 2014)

(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)
3Q FY 2014	2,819,326	6.7	146,432	51.4	168,946	35.5	106,398	39.8	184.45	-
3Q FY 2013	2,643,070	14.6	96,724	381.2	124,721	446.1	76,089	247.3	131.86	-

Note: Comprehensive income: 181,108 million yen in 3Q FY 2014 (up 22.5%)
147,834 million yen in 3Q FY 2013 (up 532.0%)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 3Q FY 2014	4,551,566	1,888,816	40.4	3,191.37
End FY 2013	4,241,700	1,745,930	40.1	2,950.61

Note: Shareholders' equity: 1,840,564 million yen as of December 31, 2014
1,702,120 million yen as of March 31, 2014

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2013	40.00	20.00	20.00
FY 2014	60.00*	20.00	40.00*

*Estimate

Note: Revisions to dividend forecast announced most recently: Yes

3. Forecasts of Consolidated Financial Results in Fiscal 2014 (April 1, 2014 to March 31, 2015)

	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)
FY 2014	3,840,000	4.7	210,000	37.0	220,000	26.7	130,000	27.0	225.38

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

Notes

1. Significant changes in subsidiaries during the term (changes in designated subsidiaries resulting in changes in consolidated structure): No
2. Application of special accounting methods 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: Yes
 - 2) Changes other than 1) above: No
 - 3) Changes in 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 December 31, 2014: 614,438,399 shares
 - As of March 31, 2014: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of December 31, 2014: 37,705,792 shares
 - As of March 31, 2014: 37,566,828 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 3Q FY 2014: 576,837,969 shares
 - 3Q FY 2013: 577,055,459 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 still 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. For a description of the results forecasts, see "(2) Consolidated results forecasts" on page 2 of the attached document.
2. Notes to the financial results can be viewed at the JFE Holdings website.

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1. Qualitative Information

(1) Consolidated Business Results

The Japanese economy in the first three quarters of fiscal 2014 (ended December 31, 2014) continued to recover moderately overall, although demand remained weak following a spike prior to the consumption tax hike in April. Globally, uncertainties in the overall economic outlook continued to pose downward risks.

In the first three quarters, on a consolidated basis JFE Holdings posted net sales of 2,819.3 billion yen, up 176.3 billion yen from the same period last year. Operating income rose 49.7 billion yen to 146.4 billion yen and ordinary income increased 44.2 billion yen to 168.9 billion yen.

Net income before income taxes and minority interests rose 44.2 billion yen to 165.2 billion yen and net income of 106.3 billion yen was up 30.3 billion yen.

By segment, steel business posted net sales of 2,149.9 billion yen, up 186.0 billion yen, reflecting increased sales quantity. Ordinary income rose 54.1 billion yen to 147.6 billion yen, supported by continued efforts to improve profitability.

Engineering business net sales increased 63.1 billion yen to 236.4 billion yen. Ordinary income dropped to 4.9 billion yen due to changes in the construction project mix.

Trading business posted net sales of 1,439.9 billion yen, up 133.5 billion yen, aided by stronger sales in Japan and the United States. Ordinary income rose 2.0 billion yen to 17.8 billion yen.

(2) Consolidated Results Forecasts

The following are full-year forecasts for each business segment.

In the steel business, the Japan market is recovering moderately, but is still somewhat stagnant. Challenges include the post-tax-hike slump in demand, additional corporate tax burdens and construction delays due to a workforce shortage. Overseas markets are forecast to remain unfavorable as chronic steel oversupply in China continues to depress prices, although sales are improving due to the weak yen. JFE's steel business, while closely watching market trends to optimize production and marketing, will continue to take measures to ensure stable production. Ongoing efforts to improve earnings, including cost cutting, are forecast to boost ordinary income to 175.0 billion yen, although certain negative factors, such as a loss on inventory valuations due to lower prices for primary raw materials, could impact profit.

Engineering business is expected to achieve net sales of 360.0 billion yen and ordinary income of 18.0 billion yen. Orders are forecast to increase substantially from the previous year thanks to aggressive efforts to expand business both in Japan and overseas.

Trading business is expecting steady domestic sales of steel products and an improving export environment created by the weak yen. At present, ordinary income of 24.0 billion yen is forecast.

JFE Holdings' full-year consolidated forecasts include net sales of 3,840.0 billion yen, operating

income of 210.0 billion yen, ordinary income of 220.0 billion yen and net income of 130.0 billion yen.

The company, in view of current conditions regarding income and profit, has decided to propose at its General Meeting of Shareholders a year-end dividend of 40 yen per share, which would bring the annual dividend to 60 yen per share.

2. Changes in Accounting Policies, Accounting Estimates and Restatements

Application of the Accounting Standard for Retirement Benefits

Effective the first quarter of fiscal 2014, the JFE Group changed its method of calculating retirement benefit obligations and service costs by applying the provisions of Section 35 of the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 of May 17, 2012, hereinafter referred to as the Retirement Benefits Accounting Standard) and Section 67 of the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Statement No. 25 of May 17, 2012, hereinafter referred to as the Guidance on Retirement Benefits). The method of determining the discount rate was revised to a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

In accordance with transitional accounting as stipulated in Section 37 of the Retirement Benefits Accounting Standard, the effect of changes in accounting policies arising from initial application is reflected in retained earnings at the beginning of the first half of fiscal 2014.

As a result, in the beginning of the first quarter of fiscal 2014, the retirement benefit liability increased by 15,717 million yen, while retirement benefit assets decreased by 6,363 million yen and retained earnings decreased by 14,867 million yen. In addition, operating profit, ordinary profit and net income before taxes and other adjustments for the first three quarters each increased by 886 million yen.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2014	As of December 31, 2014
Asset		
Current assets:		
Cash and deposits	62,913	73,453
Notes and accounts receivable	630,061	774,435
Merchandise and finished goods	336,216	369,396
Work in process	40,223	69,061
Raw materials and supplies	380,972	406,695
Other current assets	207,543	174,347
Allowance for doubtful accounts	(3,615)	(3,790)
Total current assets	1,654,315	1,863,600
Non-current assets:		
Property, plant and equipment:		
Machinery and equipment, net	584,619	590,649
Land	506,570	504,705
Other property, plant and equipment, net	507,958	515,993
Total property, plant and equipment	1,599,148	1,611,348
Intangible assets	52,680	77,005
Investments and other assets:		
Investments in securities	826,371	917,305
Other assets	116,209	88,923
Allowance for doubtful accounts	(7,024)	(6,615)
Total investments and other assets	935,555	999,612
Total non-current assets	2,587,385	2,687,966
Total assets	4,241,700	4,551,566

(million yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities and shareholders' equity		
Current liabilities:		
Notes and accounts payable	401,922	470,347
Short-term borrowings	283,125	324,787
Commercial paper	22,998	16,998
Current portion of corporate bonds	80,000	120,000
Allowances	7,819	6,931
Other current liabilities	309,228	342,518
Total current liabilities	1,105,094	1,281,584
Long-term liabilities:		
Corporate bonds	205,000	145,000
Long-term borrowings	942,912	979,223
Allowances	65,265	62,787
Net defined-benefit liabilities	115,058	130,721
Other	62,438	63,433
Total long-term liabilities	1,390,675	1,381,165
Total liabilities	2,495,769	2,662,750
Net assets		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	965,204	1,033,573
Treasury stock, at cost	(178,977)	(179,302)
Total shareholders' equity	1,580,491	1,648,534
Accumulated other comprehensive income:		
Net unrealized gains on securities	102,574	160,353
Net unrealized gains and losses on hedges	(411)	326
Net unrealized gains on revaluation of land	14,541	14,542
Translation adjustments	9,949	20,339
Accumulated adjustments for retirement benefits	(5,024)	(3,532)
Total accumulated other comprehensive income	121,628	192,029
Minority interests	43,810	48,252
Total net assets	1,745,930	1,888,816
Total liabilities and net asset	4,241,700	4,551,566

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

Consolidated Statements of Income (First Three Quarters)

	Through Third Quarter of Fiscal 2013	(million yen) Through Third Quarter of Fiscal 2014
Net sales	2,643,070	2,819,326
Cost of sales	2,329,639	2,442,633
Gross profit	313,431	376,693
Selling, general and administrative expenses	216,706	230,261
Operating income	96,724	146,432
Non-operating income:		
Interest income	753	821
Dividend income	8,155	9,686
Foreign currency exchange gain	14,911	23,334
Other	38,748	23,702
Total non-operating income	62,568	57,545
Non-operating expenses:		
Interest expense	10,376	10,868
Loss on disposal of fixed assets	8,434	9,049
Other	15,760	15,113
Total non-operating expenses	34,571	35,030
Ordinary income	124,721	168,946
Extraordinary income:		
Profit on sales of property, plant and equipment, etc.	-	3,082
Profit on sales of investments in securities	-	5,193
Total extraordinary income	-	8,276
Extraordinary losses:		
Impairment loss	-	7,242
Loss on valuation of investments in capital	-	4,776
Loss on liquidation of subsidiaries and affiliates	3,689	-
Total extraordinary loss	3,689	12,019
Income before income taxes and minority interests	121,031	165,203
Income taxes	42,220	55,101
Net income before minority interests	78,811	110,102
Minority interests	2,721	3,703
Net income	76,089	106,398

Consolidated Statements of Comprehensive Income (First Three Quarters)

	Through Third Quarter of Fiscal 2013	(million yen) Through Third Quarter of Fiscal 2014
Net income before minority interests	78,811	110,102
Other comprehensive income:		
Net unrealized gains on securities	45,854	56,623
Net unrealized gains on hedges	1,524	1,080
Translation adjustments	9,433	3,890
Adjustments for retirement benefits	-	1,222
Share of other comprehensive income of affiliates accounted for using equity method	12,210	8,189
Total other comprehensive income	69,022	71,005
Comprehensive income:	147,834	181,108
(breakdown)		
Comprehensive income attributable to parent shareholder	143,945	176,798
Comprehensive income attributable to minority shareholders	3,888	4,309

(3) Notes Pertaining to the Presumption of a Going Concern

There is no item this period.

(4) Notes in Case of Significant Changes to Shareholders' Equity

There is no item this period.

4. Reference

(1) Consolidated Results in First Three Quarters and Earnings Forecasts for Fiscal 2014

(billion yen)

	FY2013		FY2014		Change	
	First Three Quarters	Full year	First Three Quarters	Full year*	First Three Quarters	Full year*
Steel Business	1,963.9	2,691.6	2,149.9	2,890.0	186.0	198.4
Engineering Business	173.3	284.1	236.4	360.0	63.1	75.9
Trading Business	1,306.4	1,781.3	1,439.9	1,960.0	133.5	178.7
Adjustments	(800.7)	(1,090.2)	(1,007.0)	(1,370.0)	(206.3)	(279.8)
Net Sales	2,643.0	3,666.8	2,819.3	3,840.0	176.3	173.2
Operating Income	96.7	153.3	146.4	210.0	49.7	56.7
Non-operating Income (Expenses)	27.9	20.3	22.5	10.0	(5.4)	(10.3)
Steel Business	93.5	126.2	147.6	175.0	54.1	48.8
Engineering Business	5.9	18.4	4.9	18.0	(1.0)	(0.4)
Trading Business	15.8	21.5	17.8	24.0	2.0	2.5
Adjustments	9.3	7.3	(1.4)	3.0	(10.7)	(4.3)
Ordinary Income (Loss)	124.7	173.6	168.9	220.0	44.2	46.4
Extraordinary Profit (Loss)	(3.6)	(13.1)	(3.7)	(5.0)	(0.1)	8.1
Income Before Income Taxes and Minority Interests	121.0	160.5	165.2	215.0	44.2	54.5
Tax Expense and Minority Interest	(44.9)	(58.1)	(58.8)	(85.0)	(13.9)	(26.9)
Net Income	76.0	102.3	106.3	130.0	30.3	27.7

*estimate

(2) Consolidated Financial Indices

	Fiscal 2013	Fiscal 2014 (estimate)	Change
Return on Sales (ROS) ¹	4.7%	5.7%	1.0%
Return on Assets (ROA) ²	4.5%	5.4%	0.9%
Return on Equity (ROE) ³	6.3%	7.3%	1.0%
Debt Outstanding	1,534.0 billion yen	1,520.0 billion yen	(14.0 billion yen)
Shareholders' Equity	1,702.1 billion yen	1,880.0 billion yen	177.9 billion yen
D/E Ratio ⁴	67.9%	61.5%	(6.4%)

¹ ROS = Ordinary income / Net sales

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

³ ROE = Net income / Shareholders' equity

⁴ D/E ratio = Debt outstanding / Shareholders' equity. For debt having a capital component, 75% of the 300 billion yen issue price is deemed to be capital, as assessed by rating agencies.

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013	Non-consolidated	7.05	7.24	14.29	7.15	7.23	14.38	28.67
	Consolidated	7.82	7.97	15.79	7.88	7.92	15.80	31.58
FY 2014	Non-consolidated	7.14	7.35	14.50	6.94	-	-	28.60*
	Consolidated	7.87	8.01	15.88	7.61	-	-	31.30*

*Approximate estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		6.15	6.42	12.57	6.33	6.62	12.95	25.52
FY 2014		6.41	6.62	13.04	6.53	-	-	26.10*

*Approximate estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		51.0	48.5	49.7	47.0	47.2	47.1	48.4
FY 2014		46.2	49.3	47.8	48.1	49*	49*	48*

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		97.7	98.3	98.0	99.6	103.4	101.5	99.8
FY 2014		102.4	102.7	102.5	112.3	117*	115*	109*

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2013		73.4	75.7	74.6	76.6	77.0	76.8	75.7
FY 2014		77.9	75.6	76.7	77.9	77*	77*	77*

*estimate

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

(billion yen)

FY 2014 450.0* 22.6% increase from previous year

*estimate

(9) Debt Outstanding, Interest Expense, and Cash and Deposits

(JFE Holdings, consolidated basis)

Debt outstanding

As of (billion yen)

March 31, 2014 1,534.0

March 31, 2015 1,520.0*

Interest expense

(billion yen)

FY 2013 -13.9

FY 2014 -14.0*

Cash and deposits

As of (billion yen)

March 31, 2014 62.9

March 31, 2015 60.0*

*estimate

(10) Capital Investment and Depreciation Cost (JFE Holdings on consolidated basis)

(billion yen)

	FY 2013	FY 2014
Capital investment	175.7	200.0*
Depreciation	181.3	180.0*

(on construction basis)

*estimate

(11) Breakdown of Changes in Ordinary Income for Steel Business

a. First three quarters of FY 2014, compared to same period of FY 2013

(billion yen)

		<u>1Q-3Q of FY 2013</u>	⇒	<u>1Q-3Q of FY 2014</u>
Ordinary income	54.1	93.5	⇒	147.6
Sales volume, prices and raw materials	94.0			
Cost reductions	30.0			
Unrealized gains on inventories and others	(69.9)			

b. FY 2014 (forecast), compared to FY 2013

(billion yen)

		<u>FY 2013</u>	⇒	<u>FY 2014</u>
Ordinary income	48.8	126.2	⇒	175.0
Sales volume, prices and raw materials	110.0			
Cost reductions	40.0			
Unrealized gains on inventories and others	(101.2)			

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