

JFE Holdings' Financial Results through Third 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)

January 31, 2014

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Scheduled date to submit Quarterly Securities Report: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	Yes Yes Yes

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

1. Consolidated Results through Third Quarter of Fiscal 2013 (April 1 to December 31, 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)
3Q FY 2013	2,643,070	14.6	96,724	381.2	124,721	446.1	76,089	247.3	131.86	-
3Q FY 2012	2,307,005	(1.6)	20,100	(68.5)	22,838	(61.5)	21,911	-	39.83	-

Note: Comprehensive income: 147,834 million yen in 3Q FY 2013 (up 532.0%)
23,390 million yen in 3Q FY 2012 (-)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 3Q FY 2013	4,214,430	1,720,822	39.8	2,910.41
End FY 2012	4,107,519	1,596,797	37.9	2,700.83

Note: Shareholders' equity: 1,679,037 million yen as of December 31, 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	40.00*	20.00	20.00*

*Estimate

Note: Revisions to dividend forecast announced most recently: Yes

3. Forecasts of Consolidated Financial Results in Fiscal 2013 (April 1 2013 to March 31, 2014)

	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 2013	3,660,000	14.8	145,000	263.7	170,000	225.6	95,000	139.9	164.64

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: No
 - 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, 2013:	614,438,399 shares
As of March 31, 2013:	614,438,399 shares
 - 2) Treasury stock at the end of term

As of December 31, 2013:	37,531,197 shares
As of March 31, 2013:	37,328,220 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)

3Q FY 2013:	577,055,459 shares
3Q FY 2012:	550,065,670 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 2013 (ended December 31, 2013) achieved a moderate recovery aided by improved conditions for exports and robust domestic demand, although risks due to global economic uncertainties applied downward pressure.

On a consolidated basis in the first three quarters, JFE Holdings posted net sales of 2,643.0 billion yen, up 336.0 billion yen year to year, operating income rose 76.6 billion yen to 96.7 billion yen and ordinary income increased 101.9 billion yen to 124.7 billion yen.

Net income before income taxes and minority interests grew 75.1 billion yen to 121.0 billion yen and net income of 76.0 billion yen was up 54.1 billion yen.

By segment, steel business posted net sales of 1,963.9 billion yen, up 95.5 billion yen, boosted by a correction of the yen's excessive appreciation. Ordinary income rose 91.2 billion yen to 93.5 billion yen thanks to sustained efforts to improve earnings and gains in inventory valuation due to fluctuating market conditions for raw materials.

Engineering business net sales declined 2.5 billion yen to 173.3 billion yen. Ordinary income fell 3.4 billion yen to 5.9 billion yen.

Trading business net sales came to 1,306.4 billion yen and ordinary income totaled 15.8 billion yen, benefitting from strong sales of steel in Japan. Year-to-year comparisons are not available because this business segment was newly added in the third quarter of the previous fiscal year.

(2) Consolidated Results Forecasts

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

In the steel business, the sales environment is recovering steadily due to the yen's weaker value, which is helping Japanese companies to win more orders overseas. Increased public spending under the government's emergency economic stimulus package also is strengthening the sales environment. Overseas markets are forecast to remain unfavorable, partly due to slower growth in both emerging and developing economies and a chronic steel oversupply in China. The company is striving to strengthen earnings through measures including expanded sales of highly profitable products and improved cost competitiveness. At present, ordinary income of 130.0 billion yen is forecast, as previously announced.

Engineering business is forecast to achieve net sales of 290.0 billion yen and ordinary income of 15.5 billion yen. Orders for this fiscal year are expected to increase substantially from the previous year due to aggressive efforts to grow both domestic and overseas business.

Trading business is experiencing robust sales of steel products mainly to Japanese automakers and building constructors, partly due to accelerated demand prior to a scheduled hike in the nation's consumption tax. At present, ordinary income of 21.5 billion yen is forecast.

JFE Holdings' full-year consolidated forecasts are net sales of 3,660.0 billion yen, operating

income of 145.0 billion yen, ordinary income of 170.0 billion yen and net income of 95.0 billion yen.

The company, in view of current conditions regarding income and profit, has decided to propose at its General Meeting of Shareholders a payment of 20 yen per share for the year-end dividend, which would bring the annual dividend to 40 yen per share.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2013	As of December 31, 2013
(Assets)		
Current assets:		
Cash and deposits	64,621	63,490
Notes and accounts receivable	597,275	574,676
Merchandise and finished goods	286,524	339,325
Work in process	32,554	60,623
Raw materials and supplies	369,290	387,417
Other current assets	173,519	167,030
Allowance for doubtful accounts	(1,628)	(1,415)
Total current assets	1,522,157	1,591,148
Non-current assets:		
Property, plant and equipment:		
Machinery and equipment, net	588,310	582,556
Land	509,239	511,627
Other property, plant and equipment, net	509,312	493,786
Total property, plant and equipment	1,606,862	1,587,970
Intangible assets	53,970	51,832
Investments and other assets:		
Investments in securities	749,249	851,416
Other assets	183,465	139,700
Allowance for doubtful accounts	(8,185)	(7,638)
Total investments and other assets	924,529	983,478
Total non-current assets	2,585,362	2,623,281
Total assets	4,107,519	4,214,430

(million yen)

	As of March 31, 2013	As of December 31, 2013
(Liabilities and shareholders' equity)		
Current liabilities:		
Notes and accounts payable	365,308	386,415
Short-term borrowings	325,368	295,970
Commercial paper	-	55,996
Current portion of corporate bonds	40,000	40,000
Allowances	4,146	5,112
Other current liabilities	291,435	282,979
Total current liabilities	1,026,259	1,066,473
Long-term liabilities:		
Corporate bonds	275,000	235,000
Long-term borrowings	955,995	944,480
Accrued retirement benefits	118,845	112,747
Other allowances	77,304	76,009
Other long-term liabilities	57,317	58,896
Total long-term liabilities	1,484,462	1,427,134
Total liabilities	2,510,722	2,493,607
(Net assets)		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	886,338	939,287
Treasury stock, at cost	(178,529)	(178,972)
Total shareholders' equity	1,502,072	1,554,578
Accumulated other comprehensive income:		
Net unrealized gains on securities	69,184	117,277
Net unrealized gains and losses on hedges	(138)	679
Net unrealized gains on revaluation of land	14,243	14,243
Translation adjustments	(26,687)	(7,741)
Total accumulated other comprehensive income	56,602	124,458
Minority interests	38,121	41,785
Total net assets	1,596,797	1,720,822
Total liabilities and net assets	4,107,519	4,214,430

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

Consolidated Statements of Income (First Three Quarters)

	Through Third Quarter of Fiscal 2012	(million yen) Through Third Quarter of Fiscal 2013
Net sales	2,307,005	2,643,070
Cost of sales	2,097,619	2,329,639
Gross profit	209,385	313,431
Selling, general and administrative expenses	189,284	216,706
Operating income	20,100	96,724
Non-operating income:		
Interest income	443	753
Dividend income	6,829	8,155
Foreign currency exchange gain	4,719	14,911
Equity in earnings of affiliate	6,571	18,696
Other, net	17,108	20,052
Total non-operating income	35,672	62,568
Non-operating expenses:		
Interest expense	10,668	10,376
Loss on disposal of fixed assets	6,605	8,434
Other, net	15,660	15,760
Total non-operating expenses	32,935	34,571
Ordinary income	22,838	124,721
Extraordinary income:		
Profit and loss on acquisition of trading subsidiary	35,762	-
Total extraordinary income	35,762	-
Extraordinary losses:		
Impairment loss	4,508	-
Write-down of investments in securities	8,133	-
Loss on liquidation of affiliates	-	3,689
Total extraordinary loss	12,641	3,689
Income before income taxes and minority interests	45,959	121,031
Income taxes	21,422	42,220
Income before minority interests	24,536	78,811
Minority interests	2,625	2,721
Net income	21,911	76,089

Consolidated Statements of Comprehensive Income (First Three Quarters)

	Through Third Quarter of Fiscal 2012	(million yen) Through Third Quarter of Fiscal 2013
Net income before minority interests	24,536	78,811
Other comprehensive income:		
Net unrealized gains on securities	(3,544)	45,854
Net unrealized gains and losses on hedges	1,865	1,524
Translation adjustments	761	9,433
Share of other comprehensive income of affiliates accounted for using equity method	(228)	12,210
Total other comprehensive income	(1,145)	69,022
Comprehensive income:	23,390	147,834
(breakdown)		
Comprehensive income attributable to parent shareholder	21,866	143,945
Comprehensive income attributable to minority shareholders	1,523	3,888

(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

(billion yen)

	Through 3Q of Fiscal 2012 (Apr-Dec)	Fiscal 2013			Change (Apr-Dec)	
		1H (Apr-Sep)	3Q (Oct-Dec)	Through 3Q (Apr-Dec)		
Steel Business	1,868.4	1,294.9	669.0	1,963.9	95.5	5.1%
Engineering Business	175.8	107.2	66.1	173.3	(2.5)	(1.4%)
Shipbuilding Business ¹	139.8	-	-	-	(139.8)	-
Trading Business ²	387.2	855.8	450.5	1,306.4	919.2	237.4%
Adjustments and Others ³	(264.3)	(529.7)	(270.9)	(800.7)	(536.4)	-
Net Sales	2,307.0	1,728.3	914.7	2,643.0	336.0	14.6%
Operating Income	20.1	59.0	37.7	96.7	76.6	381.1%
Non-operating Income	2.7	15.3	12.6	27.9	25.2	-
Steel Business	2.3	55.9	37.6	93.5	91.2	-
Engineering Business	9.3	2.1	3.8	5.9	(3.4)	(36.6%)
Shipbuilding Business ¹	8.0	-	-	-	(8.0)	-
Trading Business ²	3.7	10.4	5.4	15.8	12.1	327.0%
Adjustments and Others ^{1,3}	(0.6)	5.9	3.4	9.3	9.9	-
Ordinary Income	22.8	74.3	50.3	124.7	101.9	446.9%
Extraordinary Profit (Loss)	23.1	(3.6)	-	(3.6)	(26.7)	-
Income Before Income Taxes and Minority Interests (Loss)	45.9	70.6	50.3	121.0	75.1	163.6%
Tax Expense and Minority Interest	(24.0)	(22.9)	(22.0)	(44.9)	(20.9)	-
Net Income	21.9	47.7	28.2	76.0	54.1	247.0%

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 Japan Marine United Inc. from January 2013 is included in Adjustments and Others.

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

³ Adjustments and Others in fiscal 2012 includes a loss from LSI business. JFE Holdings sold all shares of its wholly owned subsidiary Kawasaki Microelectronics, Inc. to MegaChips Corporation on July 1, 2012.

(2) Consolidated Earnings Forecasts for Fiscal 2013

(billion yen)

	FY 2013			(Reference)
	FY 2012 Full Year	Updated forecast (January 31, 2014)	Change	Previous forecast (October 25, 2013)
Steel Business	2,499.8	2,700.0	200.2	2,710.0
Engineering Business	267.5	290.0	22.5	280.0
Shipbuilding Business ¹	139.8	-	(139.8)	-
Trading Business	785.6	1,800	1,014.4	1,840.0
Adjustments and Others	(503.8)	(1,130.0)	(626.2)	(1,130.0)
Net Sales	3,189.1	3,660.0	470.9	3,700.0
Operating Income	39.8	145.0	105.2	155.0
Non-operating Income	12.3	25.0	12.7	15.0
Steel Business	15.3	130.0	114.7	130.0
Engineering Business	16.4	15.5	(0.9)	13.5
Shipbuilding Business ¹	8.0	-	(8.0)	-
Trading Business	7.4	21.5	14.1	21.5
Adjustments and Others ¹	4.9	3.0	(1.9)	5.0
Ordinary Income	52.2	170.0	117.8	170.0
Extraordinary Profit (Loss)	23.1	(10.0)	(33.1)	(3.6)
Income Before Income Taxes and Minority Interests (Loss)	75.3	160.0	84.7	166.4
Tax Expense and Minority Interest	(35.7)	(65.0)	(29.3)	(71.4)
Net Income	39.5	95.0	55.5	95.0

¹ Equity in earnings of Japan Marine United Inc. from January 2013 is included in Adjustments and Others.

(3) Consolidated Financial Indices

	FY 2013			(Reference)
	FY 2012	Updated forecast	Change	Previous forecast
Return on Sales (ROS) ¹	1.6%	4.6%	3.0%	4.6%
Return on Assets (ROA) ²	1.6%	4.5%	2.9%	4.5%
Debt Outstanding	1,596.3 billion yen	1,530.0 billion yen	(66.3 billion yen)	1,530.0 billion yen
Shareholders' Equity	1,558.6 billion yen	1,670.0 billion yen	111.4 billion yen	1,670.0 billion yen
D/E Ratio ³	76.9%	68.9%	(8.0%)	68.9%

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.

(4) 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	7.24	14.29	7.15	-	-	29.00*
	Consolidated	7.82	7.97	15.79	7.88	-	-	32.00*

*Approximate estimate

(5) 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	6.42	12.57	6.33	-	-	26.00*

* Approximate estimate

(6) 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	48.5	49.7	47.0	50*	49*	49*

*estimate

(7) 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	98.3	98.0	99.6	105*	102*	100*

*estimate

(8) 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	75.7	74.6	76.6	78*	77*	76*

*estimate

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

(billion yen)

FY 2013 380.0* 40.8% increase from previous year

*estimate

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

(JFE Holdings on consolidated basis)

Debt outstanding

As of (billion yen)
 March 31, 2013 1,596.3
 March 31, 2014 1,530.0*

Interest expense

(billion yen)
 FY 2012 (14.3)
 FY 2013 (14.0)*

Cash and deposits

As of (billion yen)
 March 31, 2013 64.6
 March 31, 2014 60.0*

* estimate

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

(billion yen)

	FY 2012	FY 2013
Capital investment	179.6	180.0*
Depreciation	194.0	180.0*

(on construction basis)

* estimate

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

a. First three quarters of FY 2013, compared to same period of FY 2012

(billion yen)

		<u>1Q-3Q of FY 2012</u>	<u>1Q-3Q of FY 2013</u>
Ordinary income	91.2	2.3	⇒ 93.5
Sales volume, prices and raw materials		(10.0)	
Cost reductions and preventive maintenance of facilities		55.0	(including expenditure of intensified construction)
Unrealized gains on inventories and others		46.2	(including exchange rate fluctuations)

b. FY 2013 (forecast), compared to FY 2012

(billion yen)

		<u>FY 2012</u>	<u>FY 2013</u>
Ordinary income	114.7	15.3	⇒ 130.0
Sales volume, prices and raw materials		(5.0)	
Cost reductions and preventive maintenance of facilities		80.0	(including expenditure of intensified construction)
Unrealized gains on inventories and others		39.7	(including exchange fluctuations)

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