

JFE Holdings' Financial Results through Third Quarter of Fiscal Year 2016 Ending March 31, 2017

— 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, 2017

Official name: Listings: Code: English URL: Representative: Contact: Phone: Scheduled date to submit Quarterly Securities Report: Dividend payment starting date: Preparation of supplementary materials for quarterly results: Quarterly results briefing:	JFE Holdings, Inc. Tokyo and Nagoya stock exchanges 5411 www.jfe-holdings.co.jp/en Eiji Hayashida, President and CEO Moriyoshi Hara, Manager, Public Relations Section Investor Relations and Corporate Communications Department +81-3-3597-3842 February 3, 2017 - Yes Yes
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(Figures are rounded down to the nearest million yen.)

1. Consolidated Results through Third Quarter of Fiscal 2016 (April 1 to December 31, 2016)

(1) Consolidated Operating Results (cumulative total)

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary Income (loss) (million yen)	Year-on-year change (%)	Profit (loss) attributable to owners of parent (million yen)	Year-on-year change (%)	Net income (loss) per share (yen)	Net income per share [fully diluted] (yen)
3Q FY 2016	2,311,740	(9.3)	36,416	(51.3)	44,194	(29.9)	33,298	(10.8)	57.74	-
3Q FY 2015	2,548,080	(9.6)	74,722	(49.0)	63,034	(62.7)	37,332	(64.9)	64.73	-

Note: Comprehensive income: (11,369 million yen) in 3Q FY 2016 (-)
(32,917 million yen) in 3Q FY 2015 (-)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 3Q FY 2016	4,209,812	1,860,802	42.9	3,134.59
End FY 2015	4,234,884	1,857,921	42.6	3,128.36

Note: Shareholders' equity: 1,807,549 million yen as of December 31, 2016
1,804,196 million yen as of March 31, 2016

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2015	30.00	20.00	10.00
FY 2016	20.00*	0.00	20.00*

*Estimate

Note: Revisions to dividend forecast announced most recently: Yes

3. Forecasts of Consolidated Financial Results in Fiscal 2016 (April 1, 2016 to March 31, 2017)

	Net sales (million yen)	Year-on-year change (%)	Operating income (million yen)	Year-on-year change (%)	Ordinary income (million yen)	Year-on-year change (%)	Profit attributable to owners of parent (million yen)	Year-on-year change (%)	Net income per share (yen)
FY 2016	3,320,000	(3.3)	80,000	(11.7)	70,000	9.0	50,000	48.6	86.70

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: NoNote: For more details, see "Notes to Summary Information/Changes in Accounting Policies, Accounting Estimates and Restatements" on page 4 of the attached document.
4. Number of outstanding shares (common stock)
 - 1) Outstanding shares at the end of term (including treasury stock)
 - As of December 31, 2016: 614,438,399 shares
 - As of March 31, 2016: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of December 31, 2016: 37,792,013 shares
 - As of March 31, 2016: 37,714,629 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 3Q FY 2016: 576,707,269 shares
 - 3Q FY 2015: 576,744,328 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 2016 (ended December 31, 2016) saw consumer spending remain weak and corporate earnings fail to make a strong recovery, although improved corporate production and exports supported a moderate economic recovery. Overseas markets saw signs of improvement in the United States and other industrialized countries, but the overall outlook remained uncertain due to imminent economic policy changes in the United Kingdom and the United States and downward risks in emerging economies.

In the first three quarters, JFE Holdings posted net sales of 2,311.7 billion yen, down 236.3 billion yen from the year earlier on a consolidated basis. Operating income declined 38.3 billion yen to 36.4 billion yen and ordinary income declined 18.9 billion yen to 44.1 billion yen. Profit before income taxes decreased 14.2 billion yen to 56.1 billion yen and profit attributable to owners of parent dropped 4.1 billion yen to 33.2 billion yen.

By segment, steel business in Japan saw demand show signs of recovery thanks to further progress in inventory reductions. Selling prices overseas bottomed out after dropping significantly since the summer of 2015 and some areas even saw prices recover to some extent. The enormous oversupply in Asia, however, still had a negative impact on steel prices, which prevented overall steel prices from achieving a full-scale recovery. Meanwhile, the prices of coking coal and other raw materials increased. JFE Steel's net sales decreased 194.4 billion yen to 1,655.5 billion yen. Despite continued efforts to raise profitability, and notwithstanding favorable factors such as unrealized gains on inventories and others, JFE Steel posted an ordinary income of 13.6 billion yen, down 27.2 billion yen, due to harsh sales conditions and surging coking coal prices.

Engineering business net sales rose 22.1 billion yen to 277.4 billion yen as JFE Engineering steadily implemented projects already won. Ordinary income was 16.0 billion yen, up 10.1 billion yen from the year earlier, thanks to increased sales and efforts to secure profit, including cost reductions.

Trading business net sales decreased 149.6 billion yen to 1,180.7 billion yen due to a drop in selling prices in Japan and overseas. Ordinary income was 14.3 billion yen. The decrease in ordinary income was limited to 200 million yen thanks to the improved profitability of overseas subsidiaries.

(2) Consolidated Results Forecasts

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

In the steel business, demand in Japan is forecast to continue recovering mainly in the automobile and construction sectors. In overseas markets, selling prices have been increasing to some extent but are not expected to make a full recovery because demand remains sluggish in the energy industry. Meanwhile, a surge in coking coal prices and other raw material prices in the second half of the current fiscal year is forecast to push up steelmaking costs significantly. JFE Steel will work hard to gain the understanding of customers regarding plans to raise selling prices. JFE Steel forecasts ordinary income for fiscal 2016 to be 25.0 billion yen, a reversal from the previously

forecast loss of 15.0 billion yen, thanks to favorable factors including the weaker yen and unrealized gains on inventories and others. The company will strive to cut costs once certain new facilities begin operating soon. The profit base will be reinforced through the implementation of measures set out in the fifth medium-term business plan, namely, strengthening the company's manufacturing base, improving the product mix and developing increased business overseas.

In engineering business, JFE Engineering aims to achieve further growth by aggressively pursuing orders in environmental and energy business, including renewable energy business, waste-processing plants and infrastructure business including steel structures. With backlogged orders valued at an all-time high, the company forecasts record net sales of 450.0 billion yen and record ordinary income of 27.0 billion yen.

In trading business, ordinary income of 21.0 billion yen is forecasted. Demand will be robust for automobiles and electric appliances mainly in China and ASEAN countries, and demand in Japan's construction sector should recover.

On a consolidated basis, JFE Holdings forecasts full-year net sales of 3,320.0 billion yen, operating income of 80.0 billion yen, ordinary income of 70.0 billion yen and profit attributable to owners of parent of 50.0 billion yen.

The company has decided to propose at its general meeting of shareholders a yearend dividend of 20 yen per share, which would bring the annual dividend to 20 yen per share.

2. Notes to Summary Information

Changes in Accounting Policies, Accounting Estimates and Restatements

Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016

Effective the first quarter of fiscal 2016, JFE Holdings began applying the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (Accounting Standards Board of Japan's [ASBJ] Practical Issues Task Force [PITF] No. 32 of June 17, 2016) as a result of revisions to the Corporate Tax Act. The solution was adopted to change depreciation from the declining balance method to the straight-line method for both facilities attached to buildings and other non-building structures, that have been acquired since April 1, 2016.

As a result, in the first three quarters of fiscal 2016, operating income increased by 216 million yen and both ordinary income and profit before income taxes increased by 217 million yen each.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2016	As of December 31, 2016
Asset		
Current assets:		
Cash and deposits	64,654	69,844
Notes and accounts receivable – trade	720,639	705,244
Merchandise and finished goods	311,234	301,974
Work in progress	43,657	80,407
Raw materials and supplies	402,406	400,035
Other current assets	166,672	154,280
Allowance for doubtful accounts	(1,434)	(1,318)
Total current assets	1,707,829	1,710,467
Non-current assets:		
Property, plant and equipment:		
Machinery and equipment and vehicles, net	606,546	628,023
Land	497,285	496,269
Other, net	523,354	492,893
Total property, plant and equipment	1,627,186	1,617,186
Intangible assets	81,403	72,834
Investments and other assets:		
Investments securities	749,177	737,088
Other assets	73,809	74,849
Allowance for doubtful accounts	(4,521)	(2,615)
Total investments and other assets	818,465	809,323
Total non-current assets	2,527,054	2,499,344
Total assets	4,234,884	4,209,812

(million yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities:		
Notes and accounts payable – trade	422,331	418,823
Short-term loans payable	353,382	224,627
Commercial papers	36,000	15,000
Current portion of bonds	20,000	50,000
Provision	11,185	9,283
Other current liabilities	315,286	287,661
Total current liabilities	1,158,185	1,005,395
Non-current liabilities:		
Corporate bonds	125,000	75,000
Long-term borrowings	844,990	1,022,883
Provision	51,354	49,510
Net defined-benefit liabilities	125,283	124,280
Other	72,148	71,939
Total non-current liabilities	1,218,776	1,343,614
Total liabilities	2,376,962	2,349,010
Net assets		
Shareholders' equity:		
Capital stock	147,143	147,143
Capital surplus	646,380	646,556
Retained earnings	1,065,037	1,091,994
Treasury shares	(178,654)	(178,781)
Total shareholders' equity	1,679,906	1,706,912
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	101,709	125,398
Deferred gains (losses) on hedges	(3,119)	(1,655)
Revaluation reserve for land	16,328	16,321
Foreign currency translation adjustment	14,503	(36,154)
Remeasurements of defined benefit plans	(5,130)	(3,272)
Total accumulated other comprehensive income	124,290	100,636
Non-controlling interests	53,724	53,252
Total net assets	1,857,921	1,860,802
Total liabilities and net asset	4,234,884	4,209,812

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

Consolidated Statements of Income (First Three Quarters)

	Through Third Quarter of Fiscal 2015	(million yen) Through Third Quarter of Fiscal 2016
Net sales	2,548,080	2,311,740
Cost of sales	2,234,674	2,039,672
Gross profit	313,406	272,067
Selling, general and administrative expenses	238,683	235,651
Operating income	74,722	36,416
Non-operating income:		
Interest income	802	785
Dividend income	9,918	9,256
Equity in earnings of affiliate	-	11,338
Other	16,266	20,553
Total non-operating income	26,986	41,934
Non-operating expenses:		
Interest expense	9,441	9,209
Loss on disposal of fixed assets	11,475	12,182
Other	17,757	12,764
Total non-operating expenses	38,674	34,156
Ordinary income	63,034	44,194
Extraordinary income:		
Gain on sales of investment securities	7,299	19,977
Total extraordinary income	7,299	19,977
Extraordinary losses:		
Impairment loss	-	8,021
Total extraordinary loss	-	8,021
Profit before income taxes	70,334	56,151
Income taxes	30,443	19,650
Profit	39,890	36,500
Profit attributable to non-controlling interests	2,558	3,202
Profit attributable to owners of parent	37,332	33,298

Consolidated Statements of Comprehensive Income (First Three Quarters)

	Through Third Quarter of Fiscal 2015	(million yen) Through Third Quarter of Fiscal 2016
Profit	39,890	36,500
Other comprehensive income:		
Net unrealized gains on securities	(42,535)	22,971
Deferred gains or losses on hedges	(1,351)	2,126
Foreign currency translation adjustment	(12,834)	(21,833)
Remeasurements of defined benefit plans, net of tax	270	1,671
Share of other comprehensive income of entities accounted for using equity method	(16,357)	(30,067)
Total other comprehensive income	(72,808)	(25,131)
Comprehensive income:	(32,917)	11,369
(breakdown)		
Comprehensive income attributable to owners of parent	(34,996)	9,653
Comprehensive income attributable to non-controlling interests	2,079	1,716

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

There is no item for this period.

(4) Notes on Significant Changes in Stockholders' Equity

There is no item for this period.

4. Reference

(1) Consolidated Results in First Three Quarters and Earnings Forecasts for Fiscal 2016

(billion yen)

	FY2015		FY2016		Change		(Reference) Full-year forecasts announced on October 28, 2016
	First Three Quarters	Full year	First Three Quarters	Full year*	First Three Quarters	Full year*	
Steel Business	1,849.9	2,445.1	1,655.5	2,330.0	(194.4)	(115.1)	2,270.0
Engineering Business	255.3	397.5	277.4	450.0	22.1	52.5	450.0
Trading Business	1,330.3	1,756.4	1,180.7	1,640.0	(149.6)	(116.4)	1,670.0
Adjustments	(887.5)	(1,167.4)	(802.0)	(1,100.0)	85.5	67.4	(1,100.0)
Net Sales	2,548.0	3,431.7	2,311.7	3,320.0	(236.3)	(111.7)	3,290.0
Operating Income	74.7	90.6	36.4	80.0	(38.3)	(10.6)	50.0
Non-operating Income (Expenses)	(11.6)	(26.3)	7.7	(10.0)	19.3	16.3	(20.0)
Steel Business	40.8	27.8	13.6	25.0	(27.2)	(2.8)	(15.0)
Engineering Business	5.9	20.0	16.0	27.0	10.1	7.0	27.0
Trading Business	14.5	15.7	14.3	21.0	(0.2)	5.3	20.0
Adjustments	1.7	0.6	0.1	(3.0)	(1.6)	(3.6)	(2.0)
Ordinary Income (Loss)	63.0	64.2	44.1	70.0	(18.9)	5.8	30.0
Extraordinary Profit	7.2	10.0	11.9	20.0	4.7	10.0	3.5
Profit before income taxes	70.3	74.3	56.1	90.0	(14.2)	15.7	33.5
Tax Expense and Profit (Loss) Attributable to Non-controlling Interests	(33.0)	(40.6)	(22.8)	(40.0)	10.2	0.6	(18.5)
Profit Attributable to Owners of Parent	37.3	33.6	33.2	50.0	(4.1)	16.4	15.0

*estimate

(2) Consolidated Financial Indices

	Fiscal 2015	Fiscal 2016 (estimate)	Change
Return on Sales (ROS) ¹	1.9%	2.1%	0.2%
Return on Assets (ROA) ²	1.7%	2.0%	0.3%
Return on Equity (ROE) ³	1.8%	2.7%	0.9%
Debt Outstanding	1,379.3 billion yen	1,380.0 billion yen	700 million yen
Shareholders' Equity	1,804.1 billion yen	1,850.0 billion yen	45.9 billion yen
D/E Ratio ⁴	56.9%	52.0%	(4.9%)

¹ ROS = Ordinary income / net sales

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

³ ROE = Profit attributable to owners of parent / Shareholders' equity

⁴ D/E ratio = Debt outstanding / Shareholders' equity. For debt having a capital component*, a portion of its issue price is deemed to be capital, as assessed by rating agencies.

*Debt having a capital component (subordinated borrowings)

Borrowing Execution Date	Amount Borrowed	Assessment of Equity Content	Amount Deemed to be Capital
March 18, 2013	300.0 billion yen	75%	225.0 billion yen
June 30, 2016	200.0 billion yen	25%	50.0 billion yen

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2015	Non-consolidated	6.54	6.91	13.45	6.98	6.93	13.91	27.36
	Consolidated	7.19	7.50	14.69	7.57	7.48	15.06	29.75
FY 2016	Non-consolidated	6.94	7.06	14.00	7.12			28.20*
	Consolidated	7.52	7.62	15.14	7.66			30.50*

*Approximate estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2015		5.98	6.39	12.37	6.45	6.56	13.02	25.39
FY 2016		6.26	6.34	12.60	6.43			25.80*

*Approximate estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2015		46.2	48.6	47.4	44.8	43.3	44.0	45.8
FY 2016		43.6	44.1	43.9	43.3	46*	45*	44*

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2015		121.0	122.6	121.8	121.2	117.7	119.5	120.6
FY 2016		111.1	103.5	107.3	106.1	112*	109*	108*

*estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2015		73.5	68.8	71.0	65.1	60.6	62.8	66.8
FY 2016		58.5	58.6	58.6	61.5	71*	66*	63*

*estimate

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

(billion yen)

FY 2016 500.0* (FY 2015 509.4)

*estimate

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

(JFE Holdings, consolidated basis)

Debt outstanding

As of (billion yen)
 March 31, 2016 1,379.3
 March 31, 2017 1,380.0*

Interest expense

(billion yen)
 FY 2015 -12.2
 FY 2016 -13.0*

Cash and deposits

As of (billion yen)
 March 31, 2016 64.6
 March 31, 2017 60.0*

*estimate

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

(billion yen)

	FY 2015	FY 2016
Capital investment	212.5	220.0*
Depreciation	177.9	190.0*

(on construction basis)

*estimate

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

a. First three quarters of FY 2016, compared to same period of FY 2015

	<u>Change</u>	<u>1Q-3Q of FY</u> <u>2015</u>	<u>(billion yen)</u> <u>1Q-3Q of FY</u> <u>2016</u>
Ordinary income	(27.2)	40.8➔	13.6
- Sales volume, sales prices and raw materials prices	(90.0)		
- Cost reductions	24.0		
- Unrealized gains on inventories and others	50.0		
- Others	(11.2)		

b. FY 2016 forecast, compared to FY 2015

	<u>Change</u>	<u>FY 2015</u>	<u>(billion yen)</u> <u>FY 2016</u>
Ordinary income	(2.8)	27.8➔	25.0*
- Sales volume, sales prices and raw materials prices	(100.0)		
- Cost reductions	30.0		
- Unrealized gains on inventories and others	95.0		
- Others	(27.8)		

*Approximate estimate

c. FY 2016 revised forecasts, compared to initial forecasts on July 30, 2016

	<u>Change</u>	<u>FY 2015</u>	<u>(billion yen)</u> <u>FY 2016</u>
Ordinary income	40.0	(15.0)➔	25.0*
- Sales volume, sales prices and raw materials prices	(10.0)		
- Unrealized gains on inventories and others	50.0		

*Approximate estimate

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