

JFE Holdings' Financial Results in First Quarter of Fiscal Year 2015 Ending March 31, 2016

— 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 30, 2015

Official name: Listings: Code: English URL: Representative: Contact: Phone: Scheduled date to submit Quarterly Securities Report: 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 August 4, 2015 Yes Yes
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(Figures are rounded down to the nearest million yen.)

1. Consolidated Results in First Quarter of Fiscal 2015 (April 1 to June 30, 2015)

(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 (%)	Profit attributable to owners of parent (million yen)	Year-on-year change (%)	Net income per share (yen)	Net income per share [fully diluted] (yen)
1Q FY 2015	857,102	(7.6)	24,600	(21.5)	28,707	(17.3)	17,349	11.9	30.09	-
1Q FY 2014	927,640	10.5	31,351	25.0	34,693	(1.5)	15,510	(32.5)	26.89	-

Note: Comprehensive income: 19,628 million yen in 1Q FY 2015 (down 37.3%)
31,316 million yen in 1Q FY 2014 (down 47.7%)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 1Q FY 2015	4,510,827	1,986,536	42.9	3,354.78
End FY 2014	4,639,412	1,990,023	41.8	3,362.22

Note: Shareholders' equity: 1,934,588 million yen as of June 30, 2015
1,938,938 million yen as of March 31, 2015

2. Dividends

	Dividend per share (yen)		
		Interim	Year-end
FY 2014	60.00	20.00	40.00
FY 2015 (estimate)	-	20.00	-

Note: Revisions to 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 2015 (April 1, 2015 to March 31, 2016)

	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)
1H FY 2015	1,800,000	(2.6)	45,000	(45.2)	50,000	(45.6)	30,000	(42.7)	52.02
FY 2015	-	-	-	-	200,000	(13.4)	-	-	-

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 June 30, 2015: 614,438,399 shares
 - As of March 31, 2015: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of June 30, 2016: 37,772,624 shares
 - As of March 31, 2015: 37,754,166 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 1Q FY 2015: 576,675,117 shares
 - 1Q FY 2014: 576,866,292 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.
2. Notes to the financial results can be viewed at the JFE Holdings website.

Attachments

1. Qualitative Information.....	2
(1) Consolidated Business Results	2
(2) Consolidated Results Forecasts.....	2
2. Notes to Summary Information	4
Changes in Accounting Policies, Accounting Estimates and Restatements	4
3. Consolidated Financial Statements.....	5
(1) Consolidated Balance Sheets	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	7
Consolidated Statements of Income (First Quarter)	7
Consolidated Statements of Comprehensive Income (First Quarter).....	8
(3) Notes Pertaining to the Presumption of a Going Concern	9
(4) Notes In Case of Significant Changes to Shareholders' Equity	9
4. Reference.....	10

1. Qualitative Information

(1) Consolidated Business Results

The Japanese economy in the first quarter of fiscal 2015 (ended June 30, 2015) saw a moderate recovery against the backdrop of renewed capital investment in an improving business climate, stronger employment and rising incomes, although consumption was weak in some sectors. The economic outlook for overseas markets remained uncertain as the economies of China and other emerging nations slowed.

On a consolidated basis for the quarter, net sales of 857.1 billion yen decreased 70.5 billion yen from the year earlier. Operating income of 24.6 billion yen was down 6.7 billion yen and ordinary income of 28.7 billion yen declined by 5.9 billion yen. Income before income taxes and minority interests rose 1.1 billion to 28.7 billion yen and profit attributable to owners of parent increased 1.8 billion to 17.3 billion yen, comparing favorably with the year earlier when an extraordinary loss was recorded.

By segment, steel business posted net sales of 620.8 billion yen, down 82.7 billion yen, the result of decreased quantities of steel produced and sold amid domestic inventory surpluses and falling sales prices due to oversupply in Asia. Ordinary income decreased 9.2 billion yen to 21.5 billion yen, hit hard by the aforementioned production and sales decreases and deteriorating conditions for exports.

Engineering business net sales rose 8.0 billion yen to 69.4 billion yen. The ordinary loss decreased to 0.3 billion yen.

Trading business net sales increased 3.0 billion yen to 465.1 billion yen. Ordinary income improved 0.4 billion yen to 5.4 billion yen, mainly due to stronger profitability among overseas steel processing centers.

(2) Consolidated Results Forecasts

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

In the steel business, the business environment has become harsher than what was initially forecast in the beginning of fiscal 2015. The change is due partly to delays in reducing inventories in Japan and further declines in overseas markets, which reflect China's economic slowdown and the related oversupply of steel. JFE Steel now expects to produce and sell smaller amounts of steel compared to fiscal 2014, and see sales prices fall as well. Losses on inventory valuation due to declining prices of principal raw material could also contribute to decreased earnings. Although JFE Steel aims to maintain profit by enhancing ongoing efforts to cut costs, ordinary income is forecast to decrease to 150.0 billion yen, despite expectations for increased sales volume and recovered sales prices for certain export products in the second half.

Engineering business is expected to achieve ordinary income of 20.0 billion yen thanks to aggressive efforts to win more orders.

Trading business, faced with a severe environment for steel sales due to domestic inventory

surpluses and competition overseas with Chinese mills, is expecting ordinary income of 23.0 billion yen.

Overall, JFE Holdings forecasts its full-year consolidated ordinary income to be 200.0 billion yen, down from its initial forecast of 230.0 billion yen.

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

2. Notes to Summary Information

Changes in Accounting Policies, Accounting Estimates and Restatements

Application of Accounting Standard for Business Combinations

Effective the first quarter of fiscal 2015, JFE Holdings began applying the Revised Accounting Standard for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21 of September 13, 2013, hereinafter referred to as the Business Combinations Accounting Standard), the Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 of September 13, 2013, hereinafter referred to as the Consolidation Accounting Standard), and the Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7 of September 13, 2013, hereinafter referred to as the Business Divestitures Accounting Standard). The standards were adopted to change the method of accounting and thereby record as a capital surplus any difference arising from changes in equity in subsidiaries that remain under the control of JFE Holdings, and to record the corresponding acquisition-related costs as expenses for the fiscal year in which the costs are incurred. For business combinations implemented in or after the first quarter of fiscal 2015, the accounting method has been changed to reflect the adjustments to the allocated amount of acquisition costs on the finalization of provisional accounting treatment in the consolidated financial statements for the quarter containing the date of the business combinations. Also, the presentation method of net income has been revised, and the reference to “minority interests” was changed to “non-controlling interests.” To reflect these changes in presentation, consolidated financial statements have been reclassified for the three months ended June 30, 2014 and the fiscal year ended March 31, 2015.

To apply the accounting standards for business combinations effective the first quarter of fiscal 2015, the transitional treatment as prescribed in Article 58-2 (3) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard was applied.

These changes have no effect on operating income, ordinary income, income before income taxes and minority interests for the first quarter of fiscal 2015, or capital surplus at the end of the first quarter of fiscal 2015.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2015	As of June 30, 2015
Asset		
Current assets:		
Cash and deposits	85,889	76,918
Notes and accounts receivable	771,574	661,840
Merchandise and finished goods	357,733	362,761
Work in progress	45,798	57,304
Raw materials and supplies	408,871	414,876
Other current assets	203,739	188,997
Allowance for doubtful accounts	(2,326)	(1,906)
Total current assets	1,871,280	1,760,793
Non-current assets:		
Property, plant and equipment:		
Machinery and equipment, net	603,538	600,068
Land	499,512	499,554
Other, net	526,540	524,177
Total property, plant and equipment	1,629,591	1,623,801
Intangible assets	83,979	81,569
Investments and other assets:		
Investments in securities	970,250	962,986
Other assets	90,462	87,705
Allowance for doubtful accounts	(6,152)	(6,028)
Total investments and other assets	1,054,560	1,044,663
Total non-current assets	2,768,131	2,750,034
Total assets	4,639,412	4,510,827

(million yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities and shareholders' equity		
Current liabilities:		
Notes and accounts payable	469,107	410,813
Short-term borrowings	288,004	247,641
Commercial paper	-	85,995
Current portion of corporate bonds	80,000	20,000
Provision	12,908	11,401
Other current liabilities	365,632	318,689
Total current liabilities	1,215,653	1,094,541
Long-term liabilities:		
Corporate bonds	145,000	145,000
Long-term borrowings	988,756	981,956
Provision	61,984	60,922
Net defined-benefit liabilities	119,331	119,057
Other	118,662	122,813
Total long-term liabilities	1,433,735	1,429,749
Total liabilities	2,649,388	2,524,290
Net assets		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,121
Retained earnings	1,066,517	1,060,785
Treasury stock, at cost	(179,430)	(179,481)
Total shareholders' equity	1,681,350	1,675,567
Accumulated other comprehensive income:		
Net unrealized gains on securities	194,733	201,927
Deferred earnings on hedges	(535)	(1,396)
Net unrealized gains on revaluation of land	15,654	15,654
Translation adjustments	41,107	36,022
Accumulated adjustments for retirement benefits	6,626	6,812
Total accumulated other comprehensive income	257,587	259,020
Non-controlling interests	51,085	51,948
Total net assets	1,990,023	1,986,536
Total liabilities and net asset	4,639,412	4,510,827

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

Consolidated Statements of Income (First Quarter)

	First Quarter of Fiscal 2014	(million yen) First Quarter of Fiscal 2015
Net sales	927,640	857,102
Cost of sales	819,698	753,637
Gross profit	107,941	103,465
Selling, general and administrative expenses	76,590	78,865
Operating income	31,351	24,600
Non-operating income:		
Interest income	271	251
Dividend income	5,349	5,842
Other	9,806	8,857
Total non-operating income	15,427	14,951
Non-operating expenses:		
Interest expense	3,503	3,268
Loss on disposal of fixed assets	3,321	3,444
Other	5,260	4,130
Total non-operating expenses	12,084	10,843
Ordinary income	34,693	28,707
Extraordinary losses:		
Impairment loss	7,001	-
Total extraordinary loss	7,001	-
Income before income taxes and non-controlling interests	27,691	28,707
Income taxes	10,977	10,661
Profit	16,714	18,046
Profit attributable to non-controlling interests	1,203	696
Profit attributable to owners of parent	15,510	17,349

Consolidated Statements of Comprehensive Income (First Quarter)

	First Quarter of Fiscal 2014	(million yen) First Quarter of Fiscal 2015
Profit	16,714	18,046
Other comprehensive income:		
Net unrealized gains on securities	19,211	6,382
Deferred gains on hedges	(975)	(909)
Translation adjustments	(2,199)	(2,552)
Adjustments for retirement benefits	228	150
Share of other comprehensive income of affiliates accounted for using equity method	(1,664)	(1,488)
Total other comprehensive income	14,601	1,582
Comprehensive income:	31,316	19,628
(breakdown)		
Comprehensive income attributable to owners of parent	30,425	18,782
Comprehensive income attributable to non-controlling interests	890	845

(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 Quarter and Earnings Forecasts for First Half of Fiscal 2015

(billion yen)

	FY 2014			FY 2015			Change		
	1Q	1H	Full year	1Q	1H	Full year	1Q	1H	Full year
Steel Business	703.5	1,424.1	2,873.8	620.8	1,260.0		(82.7)	(164.1)	
Engineering Business	61.4	144.6	367.3	69.4	160.0		8.0	15.4	
Trading Business	462.1	946.2	1,934.4	465.1	980.0		3.0	33.8	
Adjustments	(299.4)	(667.0)	(1,325.3)	(298.4)	(600.0)		1.0	67.0	
Net Sales	927.6	1,848.0	3,850.3	857.1	1,800.0		(70.5)	(48.0)	
Operating Income	31.3	82.1	222.5	24.6	45.0		(6.7)	(37.1)	
Non-operating Income (Expenses)	3.3	9.8	8.4	4.1	5.0		0.8	(4.8)	
Steel Business	30.7	77.6	188.5	21.5	38.0	150.0	(9.2)	(39.6)	(38.5)
Engineering Business	(1.4)	0.6	18.0	(0.3)	1.0	20.0	1.1	0.4	2.0
Trading Business	5.0	11.4	24.6	5.4	9.5	23.0	0.4	(1.9)	(1.6)
Adjustments	0.4	2.2	(0.2)	2.1	1.5	7.0	1.7	(0.7)	7.2
Ordinary Income (Loss)	34.6	91.9	231.0	28.7	50.0	200.0	(5.9)	(41.9)	(31.0)
Extraordinary Profit (Loss)	(7.0)	(7.1)	(4.3)	0	0		7.0	7.1	
Income Before Income Taxes and Minority Interests	27.6	84.8	226.6	28.7	50.0		1.1	(34.8)	
Tax Expense and Profit Attributable to Non-controlling Interests	(12.1)	(32.5)	(87.3)	(11.3)	(20.0)		0.8	12.5	
Profit Attributable to Owners of Parent	15.5	52.3	139.3	17.3	30.0		1.8	(22.3)	

(2) Consolidated Financial Indices

	Fiscal 2014	1H Fiscal 2015	Change
Return on Sales (ROS) ¹	6.0%	2.8%	(3.2%)
Return on Assets (ROA) ²	5.5%	2.5%	(3.0%)
Return on Equity (ROE) ³	7.7%	3.1%	(4.6%)
Debt Outstanding	1,501.7 billion yen	1,490.0 billion yen	(11.7 billion yen)
Shareholders' Equity	1,938.9 billion yen	1,950.0 billion yen	11.1 billion yen
D/E Ratio ⁴	59.0%	58.2%	(0.8%)

¹ ROS = Ordinary income / net sales

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

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

³ ROE (full year) = Profit attributable to owners of parent / Shareholders' equity

ROE (first half) = Profit attributable to owners of parent x 2 / 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 2014	Non-consolidated	7.14	7.35	14.50	6.94	7.00	13.94	28.44
	Consolidated	7.87	8.01	15.88	7.61	7.56	15.16	31.04
FY 2015	Non-consolidated	6.54	7.00*	13.50*				
	Consolidated	7.19	7.60*	14.80*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2014		6.41	6.62	13.04	6.53	6.51	13.04	26.07
FY 2015		5.98	6.60*	12.60*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2014		46.2	49.3	47.8	48.1	48.6	48.4	48.1
FY 2015		46.2	50*	48*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2014		102.4	102.7	102.5	112.3	119.4	115.9	109.2
FY 2015		121.0	124*	123*				

* estimate

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

		1Q	2Q	1H	3Q	4Q	2H	Full year
FY 2014		77.9	75.6	76.7	77.9	77.3	77.6	77.1
FY 2015		73.5	69*	71*				

* estimate

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

(billion yen)

1H FY 2015

200.0*

6.9% decrease from previous year

*estimate

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

a. First quarter of FY 2015, compared to same period of FY 2014

	<u>Change</u>	<u>1Q of FY 2014</u>	<u>(billion yen)</u> <u>1Q of FY 2015</u>
Ordinary income	(9.2)	30.7→	21.5
- Sales volume, sales prices and raw materials prices	(20.0)		
- Cost reductions	10.0		
- Others	0.8		(including exchange rate fluctuations and unrealized gains on inventories and others)

b. FY 2015 (forecast), compared to FY 2014

	<u>Change</u>	<u>FY 2014</u>	<u>(billion yen)</u> <u>FY 2015</u>
Ordinary income	(38.5)	188.5→	150.0*
- Sales volume, sales prices and raw materials prices	(55.0)		
- Cost reductions	40.0		
- Others	(23.5)		(including exchange rate fluctuations and unrealized gains on inventories and others)

*Approximate estimate

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