

JFE Holdings' Financial Results through Third 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)

January 29, 2016

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, 2016 - Yes Yes
---	--

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

1. Consolidated Results through Third Quarter of Fiscal 2015 (April 1 to December 31, 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)
3Q FY 2015	2,548,080	(9.6)	74,722	(49.0)	63,034	(62.7)	37,332	(64.9)	64.73	-
3Q FY 2014	2,819,326	6.7	146,432	51.4	168,946	35.5	106,398	39.8	184.45	-

Note: Comprehensive income: -32,917 million yen in 3Q FY 2015 (-)
181,108 million yen in 3Q FY 2014 (up 22.5%)

(2) Consolidated Financial Position

	Total assets (million yen)	Net assets (million yen)	Equity capital ratio (%)	Net assets per share (yen)
End 3Q FY 2015	4,359,713	1,922,496	42.9	3,241.71
End FY 2014	4,639,412	1,990,023	41.8	3,362.22

Note: Shareholders' equity: 1,869,637 million yen as of December 31, 2015
1,938,938 million yen as of March 31, 2015

2. Dividends

	Dividend per share (yen)	Dividend per share (yen)	
		Interim	Year-end
FY 2014	60.00	20.00	40.00
FY 2015	30.00*	20.00	10.00*

*Estimate

Note: Revisions to dividend forecast announced most recently: Yes

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)
FY 2015	3,420,000	(11.2)	90,000	(59.6)	65,000	(71.9)	25,000	(82.1)	43.35

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, 2015: 614,438,399 shares
 - As of March 31, 2015: 614,438,399 shares
 - 2) Treasury stock at the end of term
 - As of December 31, 2015: 37,694,761 shares
 - As of March 31, 2015: 37,754,166 shares
 - 3) Average number of shares during the term (quarterly consolidated cumulative period)
 - 3Q FY 2015: 576,744,328 shares
 - 3Q FY 2014: 576,837,969 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.

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 Three Quarters)	7
Consolidated Statements of Comprehensive Income (First Three Quarters).....	8
(3) Notes Pertaining to the Presumption of a Going Concern	9
(4) Notes on Significant Changes to Shareholders' Equity.....	9
4. Reference.....	10

1. Qualitative Information

(1) Consolidated Business Results

The Japanese economy in the first three quarters of fiscal 2015 (ended December 31, 2015) saw capital investment and personal consumption remain steady, both backed by improved corporate performance. Economic slowdowns in emerging nations, however, continued to impact production and exports negatively. Changes in the monetary policies of the United States and drops in resource prices posed downward risks in emerging economies, which heightened the uncertainty of economic outlook.

In the first three quarters, on a consolidated basis, JFE Holdings posted net sales of 2,548.0 billion yen, down 271.3 billion yen from the year earlier. Operating income of 74.7 billion yen fell 71.7 billion yen and ordinary income of 63.0 billion yen declined 105.9 billion yen. Income before income taxes and minority interests decreased 94.9 billion to 70.3 billion yen and profit attributable to owners of the parent company dropped 69.0 billion to 37.3 billion yen.

By segment, steel business posted net sales of 1,849.9 billion yen, down 300.0 billion yen, the result of steel production and sales declining on a volume basis in the face of persistently sluggish domestic inventory and sales prices falling further due to oversupply in Asia. Ordinary income decreased 106.8 billion yen to 40.8 billion yen, hit by the production and sales volume declines and a further deterioration in conditions for exports.

Engineering business net sales rose 18.9 billion yen to 255.3 billion yen. The increase in sales raised ordinary income to 5.9 billion yen, up 1.0 billion yen from the same period the previous year.

Trading business net sales decreased 109.6 billion yen to 1,330.3 billion yen, mainly due to steel sales volume dropping because of a fall in selling prices of steel products and delays in reducing inventory. Ordinary income of 14.5 billion yen was down 3.3 billion yen.

(2) Consolidated Results Forecasts

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

In steel business, increased oversupplies of steel worldwide are continuing to weaken steel prices, particularly as demand declines in countries such as China. This is reducing the profitability of JFE Steel's export business. At present, it is difficult to forecast when market conditions will recover, as current conditions are expected to continue in the fourth quarter of this fiscal year. Demand in the Japanese market is expected to stay robust, although some products are experiencing a delay in demand recovery. Given that export prices are expected to decline and that falling prices of principal raw materials are forecast to bring about losses on inventory valuation, JFE Steel now forecasts ordinary income of 30.0 billion yen, which is short of the previous forecast announced on October 29, 2015. In the current harsh business conditions, the company will strive to strengthen its profit base by steadily implementing measures specified in its fifth medium-term business plan, such as strengthening manufacturing bases, improving the product mix and increasing overseas business profitability, while also adapting to market conditions.

Engineering business is expected to achieve net sales of 400.0 billion yen and ordinary income of

20.0 billion yen. Received-order value, net sales and ordinary income are expected to hit record highs thanks to aggressive efforts to win more orders.

Trading business, faced with deteriorating conditions in overseas markets, is expected to see ordinary income of 15.5 billion yen, down from the previous forecast announced on October 29, 2015.

Overall, JFE Holdings is forecasting full-year consolidated net sales of 3,420.0 billion yen, operating income of 90.0 billion yen and ordinary income of 65.0 billion yen. The company expects profit attributable to owners of the parent to be 25.0 billion yen.

The company has decided to propose at its general meeting of shareholders a yearend dividend of 10 yen per share, which would bring the annual dividend to 30 yen per share.

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 quarters to December 31, 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.

As a result, both ordinary income and income before income taxes and minority interests for the three quarters to December 31, 2015 decreased by 33 million yen. The capital surplus at the end of the three quarters increased by 33 million yen.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(million yen)

	As of March 31, 2015	As of December 31, 2015
Asset		
Current assets:		
Cash and deposits	85,889	80,379
Notes and accounts receivable	771,574	665,134
Merchandise and finished goods	357,733	335,883
Work in progress	45,798	73,876
Raw materials and supplies	408,871	398,661
Other current assets	203,739	199,209
Allowance for doubtful accounts	(2,326)	(1,933)
Total current assets	1,871,280	1,751,211
Non-current assets:		
Property, plant and equipment:		
Machinery and equipment, net	603,538	596,829
Land	499,512	498,293
Other, net	526,540	513,544
Total property, plant and equipment	1,629,591	1,608,667
Intangible assets	83,979	81,177
Investments and other assets:		
Investments in securities	970,250	843,788
Other assets	90,462	79,670
Allowance for doubtful accounts	(6,152)	(4,802)
Total investments and other assets	1,054,560	918,656
Total non-current assets	2,768,131	2,608,501
Total assets	4,639,412	4,359,713

(million yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities and shareholders' equity		
Current liabilities:		
Notes and accounts payable	469,107	413,282
Short-term borrowings	288,004	343,616
Commercial paper	-	75,997
Current portion of corporate bonds	80,000	20,000
Provision	12,908	9,843
Other current liabilities	365,632	310,984
Total current liabilities	1,215,653	1,173,724
Long-term liabilities:		
Corporate bonds	145,000	125,000
Long-term borrowings	988,756	845,164
Provision	61,984	59,045
Net defined-benefit liabilities	119,331	118,934
Other	118,662	115,346
Total long-term liabilities	1,433,735	1,263,491
Total liabilities	2,649,388	2,437,216
Net assets		
Shareholders' equity:		
Common stock	147,143	147,143
Capital surplus	647,121	647,154
Retained earnings	1,066,517	1,068,722
Treasury stock, at cost	(179,430)	(178,629)
Total shareholders' equity	1,681,350	1,684,390
Accumulated other comprehensive income:		
Net unrealized gains on securities	194,733	151,428
Deferred earnings on hedges	(535)	(1,767)
Net unrealized gains on revaluation of land	15,654	15,644
Translation adjustments	41,107	13,148
Accumulated adjustments for retirement benefits	6,626	6,793
Total accumulated other comprehensive income	257,587	185,247
Non-controlling interests	51,085	52,859
Total net assets	1,990,023	1,922,496
Total liabilities and net asset	4,639,412	4,359,713

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

Consolidated Statements of Income (First Three Quarters)

	Through Third Quarter of Fiscal 2014	(million yen) Through Third Quarter of Fiscal 2015
Net sales	2,819,326	2,548,080
Cost of sales	2,442,633	2,234,674
Gross profit	376,693	313,406
Selling, general and administrative expenses	230,261	238,683
Operating income	146,432	74,722
Non-operating income:		
Interest income	821	802
Dividend income	9,686	9,918
Rent income	5,658	5,450
Other	41,378	10,816
Total non-operating income	57,545	26,986
Non-operating expenses:		
Interest expense	10,868	9,441
Loss on disposal of fixed assets	9,049	11,475
Other	15,113	17,757
Total non-operating expenses	35,030	38,674
Ordinary income	168,946	63,034
Extraordinary income:		
Profit on sales of property, plant and equipment, etc.	3,082	-
Profit on sales of investments in securities	5,193	7,299
Total extraordinary income	8,276	7,299
Extraordinary losses:		
Impairment loss	7,242	-
Loss on valuation of investments in capital	4,776	-
Total extraordinary loss	12,019	-
Income before income taxes and non-controlling interests	165,203	70,334
Income taxes	55,101	30,443
Profit	110,102	39,890
Profit attributable to non-controlling interests	3,703	2,558
Profit attributable to owners of parent	106,398	37,332

Consolidated Statements of Comprehensive Income (First Three Quarters)

	Through Third Quarter of Fiscal 2014	(million yen) Through Third Quarter of Fiscal 2015
Profit	110,102	39,890
Other comprehensive income:		
Net unrealized gains on securities	56,623	(42,535)
Deferred gains on hedges	1,080	(1,351)
Translation adjustments	3,890	(12,834)
Adjustments for retirement benefits	1,222	270
Share of other comprehensive income of affiliates accounted for using equity method	8,189	(16,357)
Total other comprehensive income	71,005	(72,808)
Comprehensive income:	181,108	(32,917)
(breakdown)		
Comprehensive income attributable to owners of parent	176,798	(34,996)
Comprehensive income attributable to non-controlling interests	4,309	2,079

(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 2015

(billion yen)

	FY2014		FY2015		Change		(Reference) Full-year forecasts announced on October 29, 2015
	First Three Quarters	Full year	First Three Quarters	Full year*	First Three Quarters	Full year*	
Steel Business	2,149.9	2,873.8	1,849.9	2,460.0	(300.0)	(413.8)	2,550.0
Engineering Business	236.4	367.3	255.3	400.0	18.9	32.7	400.0
Trading Business	1,439.9	1,934.4	1,330.3	1,760.0	(109.6)	(174.4)	1,920.0
Adjustments	(1,007.0)	(1,325.3)	(887.5)	(1,200.0)	119.5	125.3	(1,210.0)
Net Sales	2,819.3	3,850.3	2,548.0	3,420.0	(271.3)	(430.3)	3,660.0
Operating Income	146.4	222.5	74.7	90.0	(71.7)	(132.5)	120.0
Non-operating Income (Expenses)	22.5	8.4	(11.6)	(25.0)	(34.1)	(33.4)	(20.0)
Steel Business	147.6	188.5	40.8	30.0	(106.8)	(158.5)	60.0
Engineering Business	4.9	18.0	5.9	20.0	1.0	2.0	20.0
Trading Business	17.8	24.6	14.5	15.5	(3.3)	(9.1)	20.0
Adjustments	(1.4)	(0.2)	1.7	(0.5)	3.1	(0.3)	0
Ordinary Income (Loss)	168.9	231.0	63.0	65.0	(105.9)	(166.0)	100.0
Extraordinary Profit (Loss)	(3.7)	(4.3)	7.2	0	10.9	4.3	0
Income Before Income Taxes and Minority Interests	165.2	226.6	70.3	65.0	(94.9)	(161.6)	100.0
Tax Expense and Profit Attributable to Non-controlling Interests	(58.8)	(87.3)	(33.0)	(40.0)	25.8	47.3	(50.0)
Profit Attributable to Owners of Parent	106.3	139.3	37.3	25.0	(69.0)	(114.3)	50.0

*estimate

(2) Consolidated Financial Indices

	Fiscal 2014	Fiscal 2015 (estimate)	Change
Return on Sales (ROS) ¹	6.0%	1.9%	(4.1%)
Return on Assets (ROA) ²	5.5%	1.7%	(3.8%)
Return on Equity (ROE) ³	7.7%	1.3%	(6.4%)
Debt Outstanding	1,501.7 billion yen	1,390.0 billion yen	(111.7 billion yen)
Shareholders' Equity	1,938.9 billion yen	1,870.0 billion yen	(68.9 billion yen)
D/E Ratio ⁴	59.0%	55.6%	(3.4%)

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, 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	6.91	13.45	6.98	-	-	27.50*
	Consolidated	7.19	7.50	14.69	7.57	-	-	30.00*

*Approximate 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	6.39	12.37	6.45	-	-	25.50*

*Approximate 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	48.6	47.4	44.8	43*	44*	46*

*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	122.6	121.8	121.2	120*	121*	121*

*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	68.8	71.0	65.1	62*	63*	67*

*estimate

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

(billion yen)

FY 2015 460.0* 0.1% increase from previous year

*estimate

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

(JFE Holdings, consolidated basis)

<u>Debt outstanding</u>		<u>Interest expense</u>	
As of	(billion yen)		(billion yen)
March 31, 2015	1,501.7	FY 2014	-14.5
March 31, 2016	1,390.0*	FY 2015	-13.0*

<u>Cash and deposits</u>	
As of	(billion yen)
March 31, 2015	85.8
March 31, 2016	50.0*

*estimate

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

(billion yen)

	FY 2014	FY 2015	
Capital investment	225.9	230.0*	(on construction basis)
Depreciation	176.0	180.0*	*estimate

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

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

	<u>Change</u>	<u>1Q-3Q of FY</u> <u>2014</u>	<u>(billion yen)</u> <u>1Q-3Q of FY</u> <u>2015</u>
Ordinary income	(106.8)	147.6→	40.8
- Sales volume, sales prices and raw materials prices	(70.0)		
- Cost reductions	25.0		
- Unrealized gains on inventories and others	(61.8)		

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	(158.5)	188.5→	30.0*
- Sales volume, sales prices and raw materials prices	(120.0)		
- Cost reductions	35.0		
- Unrealized gains on inventories and others	(73.5)		

*Approximate estimate

c. FY 2015 revised forecasts, compared to initial forecasts on July 30, 2015

	<u>Change</u>	<u>FY 2014</u>	<u>(billion yen)</u> <u>FY 2015</u>
Ordinary income	(30.0)	60.0→	30.0*
- Sales volume, sales prices and raw materials prices	(15.0)		
- Cost reductions	0		
- Unrealized gains on inventories and others	(15.0)		

*Approximate estimate

###