



FY2017 Results

May 24, 2018
President Kenji Hiwatari



**NIPPON STEEL & SUMIKIN BUSSAN
CORPORATION**

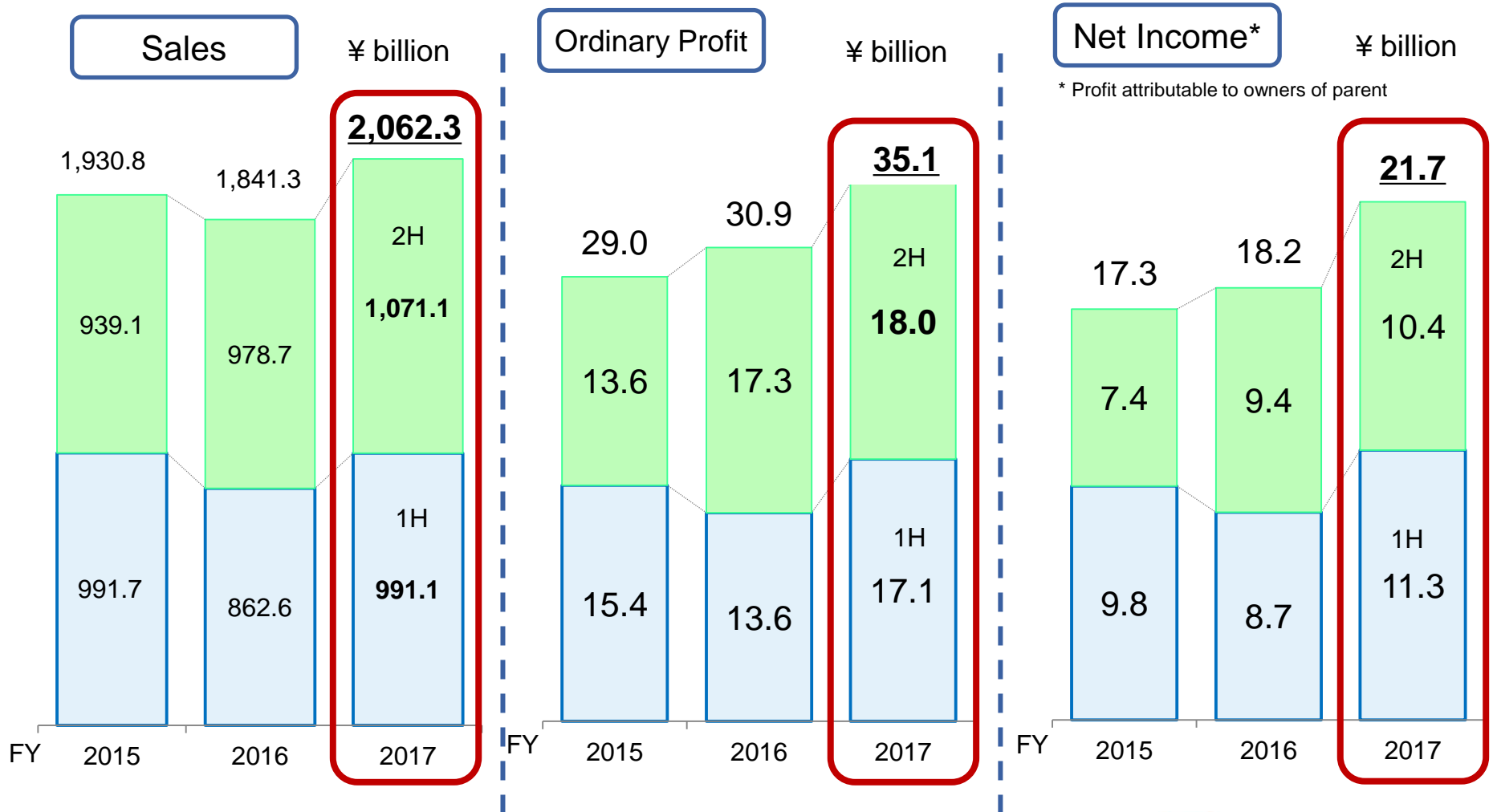
1. FY2017 Results & FY2018 Forecast

2. Appendix

1. FY2017 Results & FY2018 Forecast

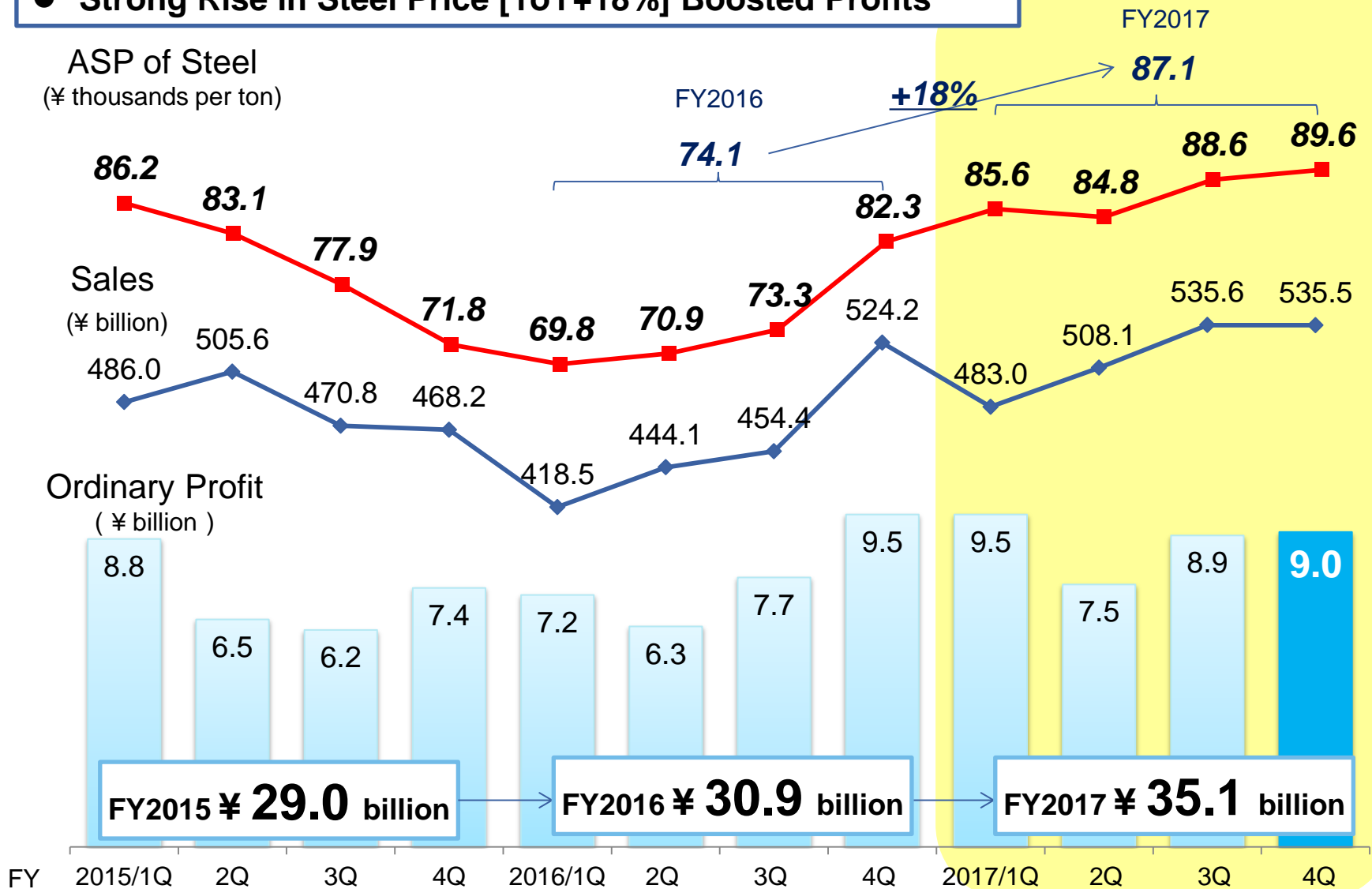
Highlight: FY2017 Results

● Recorded Highest Ordinary Profit



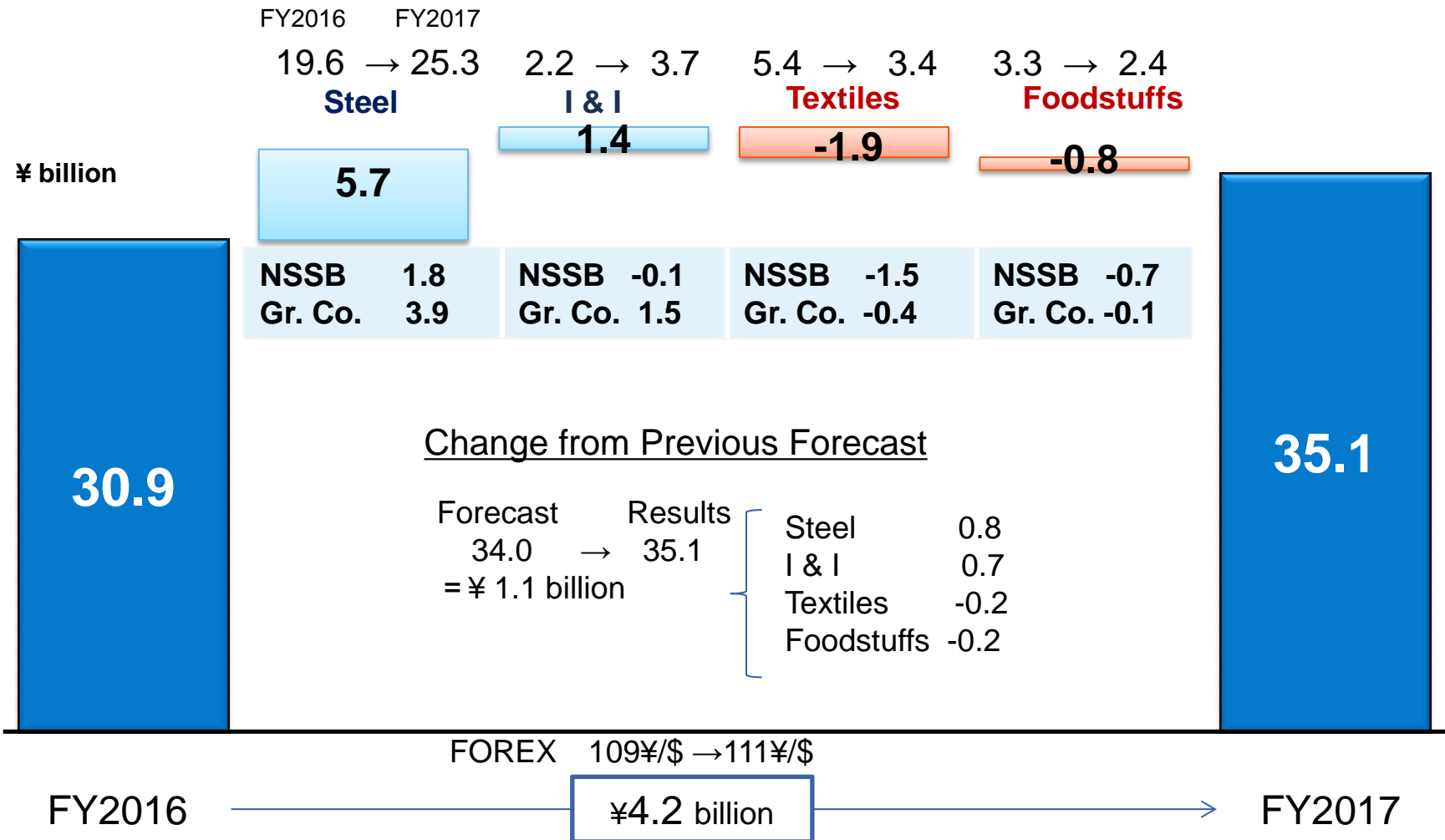
Trends by Quarter

● Strong Rise in Steel Price [YoY+18%] Boosted Profits



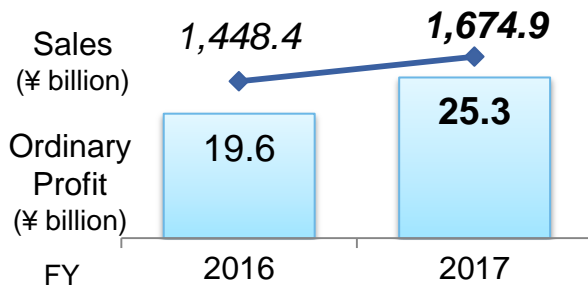
Ordinary Profit Variance Analysis [FY2016 vs. FY2017]

- Significant Profit Increase in Steel Covered Declines in Textiles and Foodstuffs



Segment Results

Steel

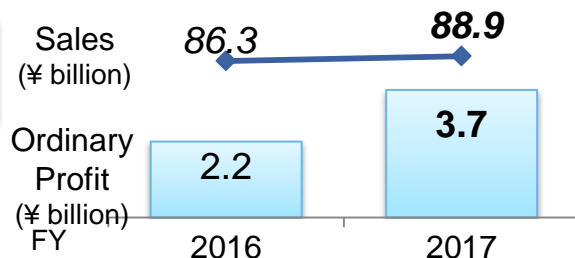


- Steel demand was firm both in Japan and other Asian countries.

Million T	FY2016	FY2017	Change
Do.	8.07	8.25	1.8
Ex.	5.73	5.12	-6.2
Sales Volume of NSSB	13.80	13.37	-4.2

- OP improved by ¥5.7 billion because of a hike in sales prices and improvement in group companies.

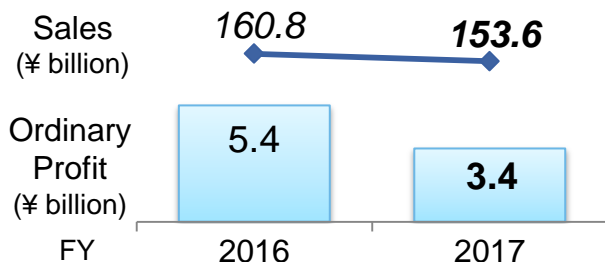
Industrial Supply & Infrastructure



- Sales increased due to non-ferrous market rise.

- OP improved by ¥1.4 billion due to temporary profit from the equity methods company in Thailand.

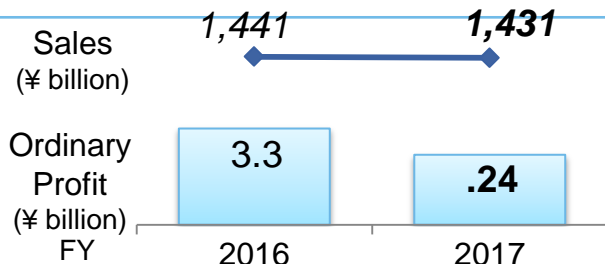
Textiles



- Severe business environment continued for apparel customers.

- OP decreased by ¥1.9 billion due to the disappearance of the cost reduction effect generated by the strong yen during FY16 and a deterioration in earnings among group companies.

Foodstuffs

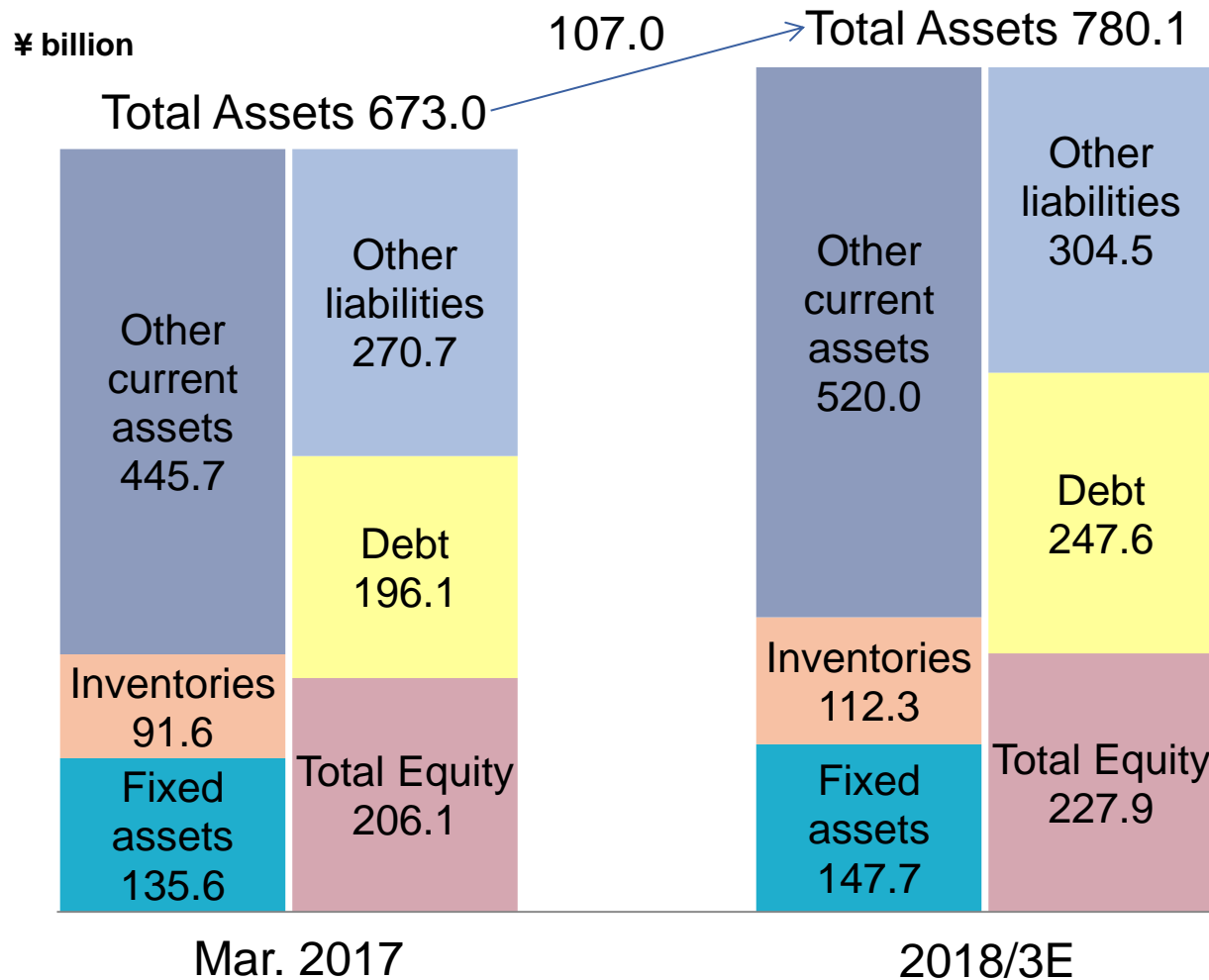


- Prices of imported meat in Japan remained steady overall.

- OP decreased by ¥0.8 billion because of lower profit margins for broilers.

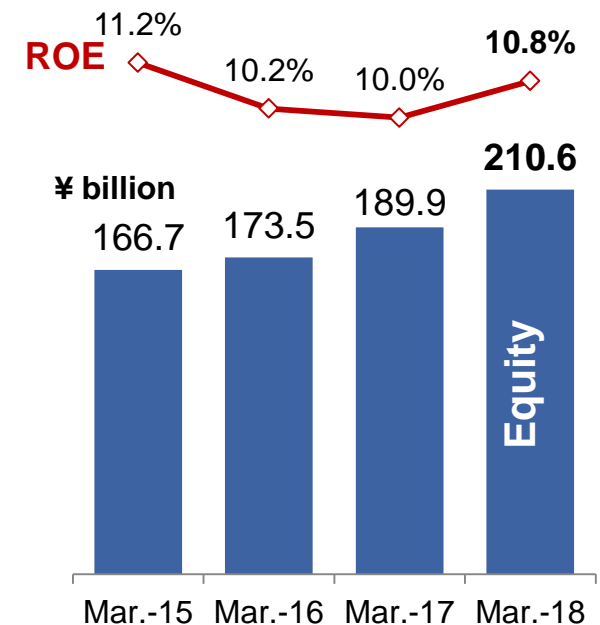
Balance Sheets

- Higher Notes and Accounts Receivable-Trade in Line with Recovering Market Prices of Steel



[]: After excluding the effect of a holiday falling on the term-end

	Mar.2017	Mar.2018
Equity Ratio	28.2%	27.0% [28.2%]
Net – DER <times>	0.91	1.04 [0.95]

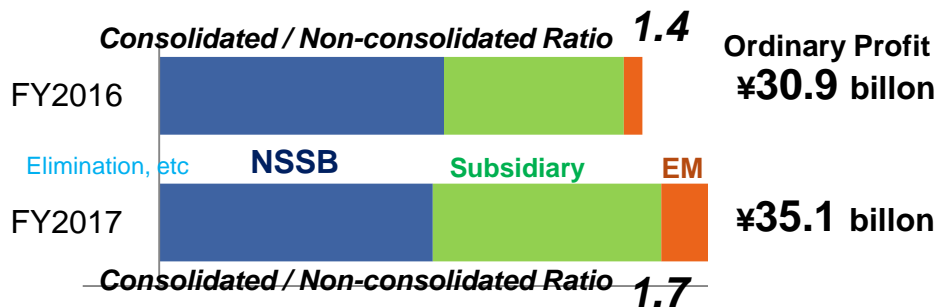


Cash Flow

¥ billion	FY2016	FY2017	
Profit before income taxes	28.8	33.0	
Depreciation	5.6	5.3	
Share of profit of entities accounted for using equity method	(1.2)	(3.2)	
Other, net	(10.7)	(1.8)	
Subtotal	22.5	33.3	
Increase in working capital	(0.2)	(62.9)	Increase in sales: ¥220.9 billion
Cash flows from operating activities	22.2	(29.5)	
Cash flows from investing activities	(4.0)	(8.8)	CAPEX & investments: ¥11.8 billion
Free cash flow	18.2	(38.3)	
Cash flows from financing activities	(14.7)	44.0	
Net increase in cash and cash equivalents	2.8	5.8	

NSSB Group Portfolio

- Profit of the Steel subsidiary has improved significantly
- Temporary profit from the equity methods company in Thailand lifted I & I segment's OP.



(YoY) Number	In the Black	In the Red	Total
Steel	(+3) 63	(-2) 11	(+1) 74
I & I	(-) 21	(-1) 0	(-1) 21
Textiles	(-) 11	(-1) 3	(-1) 14
Foodstuffs	(-) 2	(-) 0	(-) 2
Overseas office	(+2) 10	(-2) 2	(-) 12
Totals for Group Companies	(+5) 107	(-6) 16	(-1) 123

¥ billion	Steel	I & I	Textiles	Foodstuffs
Ordinary Profit Breakdown (1H/FY17)				
Change in OP	5.7	1.4	-1.9	-0.8
Change in Group Earnings	3.9	1.5	-0.4	-0.1
Main Factor for the Change	<ul style="list-style-type: none"> ○ Sales / Costs ○ Market ○ Raw material hike 	<ul style="list-style-type: none"> ○ Profit on negative goodwill by Rojana Industrial Park 	× Margin	

*EM: Affiliated company accounted for by the equity method

Guidance for FY2018

- Ordinary Profit Will Increase, Reflecting the Profit from Transferred Business

Sales & Ordinary Profit forecast by segment

¥ billion	FY2017	FY2018 (e)	Change
Sales	2,062.3	2,500	437.7
Operating Profit	32.3	38.0	5.6
Ordinary Profit	35.1	38.0	2.8
Net Income	21.7	23.5	1.7

EPS (¥)	702.8	728.5	25.7
Dividend (¥)	210	220	10
Payout ratio	29.9%	30.2%	0.3%

¥ billion	FY2017	FY2018 (e)	Change
Steel	1,674.9	2,100	425.0
I & I	88.9	90	1.0
Textiles	153.6	160	6.3
Foodstuffs	143.1	150	6.9
Sales	2,062.3	2,500	437.7

Steel	25.3	28.0	2.6
I & I	3.7	2.3	-1.4
Textiles	3.4	4.5	1.0
Foodstuffs	2.4	3.2	0.7
Ordinary Profit	35.1	38.0	2.8

Returns to Shareholders

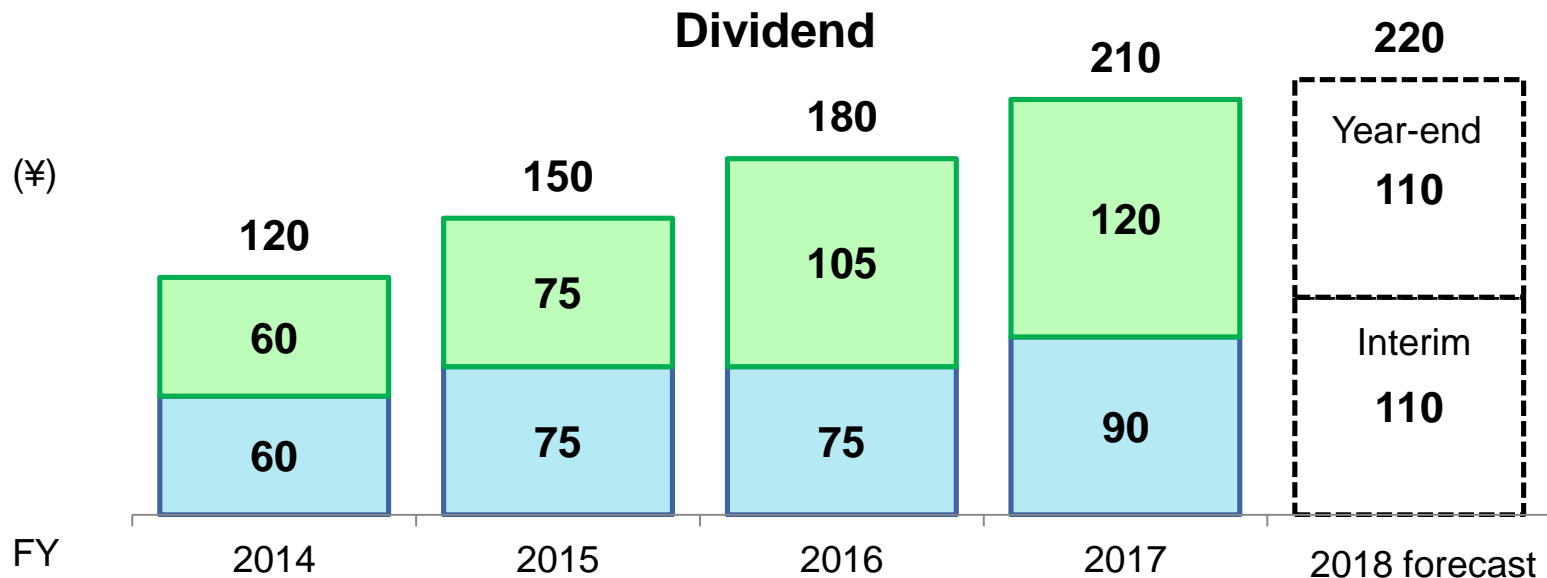
Dividend for FY2017

¥ 210
(Payout ratio 29.9%)
 Interim ¥ 90
Year-end ¥120

Dividend forecast for FY2018

¥ 220
(Payout ratio 30.2%)

Previous forecast ¥180



*Based on after share consolidation

2. Appendix

FY2017 Results

¥ billion	FY2016				<Previous Forecast> FY2017		Change	
	2H		1H	2H			YoY	HoH
Sales	978.7	1,841.3	991.1	1,071.1	<2,050>	2,062.3	220.9	92.4
(ratio) Overseas Sales	(26.6%) 260.0	(26.1%) 480.5	(26.9%) 266.8	(26.8%) 286.8		(26.8%) 553.6	(0.7%) 73.1	(0.2%) 26.7
(ratio) Gross Profit	(6.9%) 67.2	(7.0%) 128.1	(6.4%) 63.6	(6.3%) 67.7		(6.4%) 131.3	(-0.6%) 3.2	(-0.6%) 0.4
Operating Profit	17.2	30.8	14.7	17.5	<32.5>	32.3	1.4	0.2
Equity Method Income	0.5	1.2	2.0	1.1		3.2	1.9	0.6
Ordinary Profit	17.3	30.9	17.1	18.0	<34.0>	35.1	4.2	0.7
Extraordinary Profit (Loss)	(1.7)	(2.0)	(0.2)	(1.8)		(2.1)	-0.1	-0.1
Net Income	9.4	18.2	11.3	10.4	<20.0>	21.7	3.4	0.9
ROE		10.0%				10.8%	0.8%	
EPS (¥)	305.73	589.96	365.97	336.89		702.86	112.90	31.16
Dividend(¥)	105	180	90	120	<180>	210	30	15

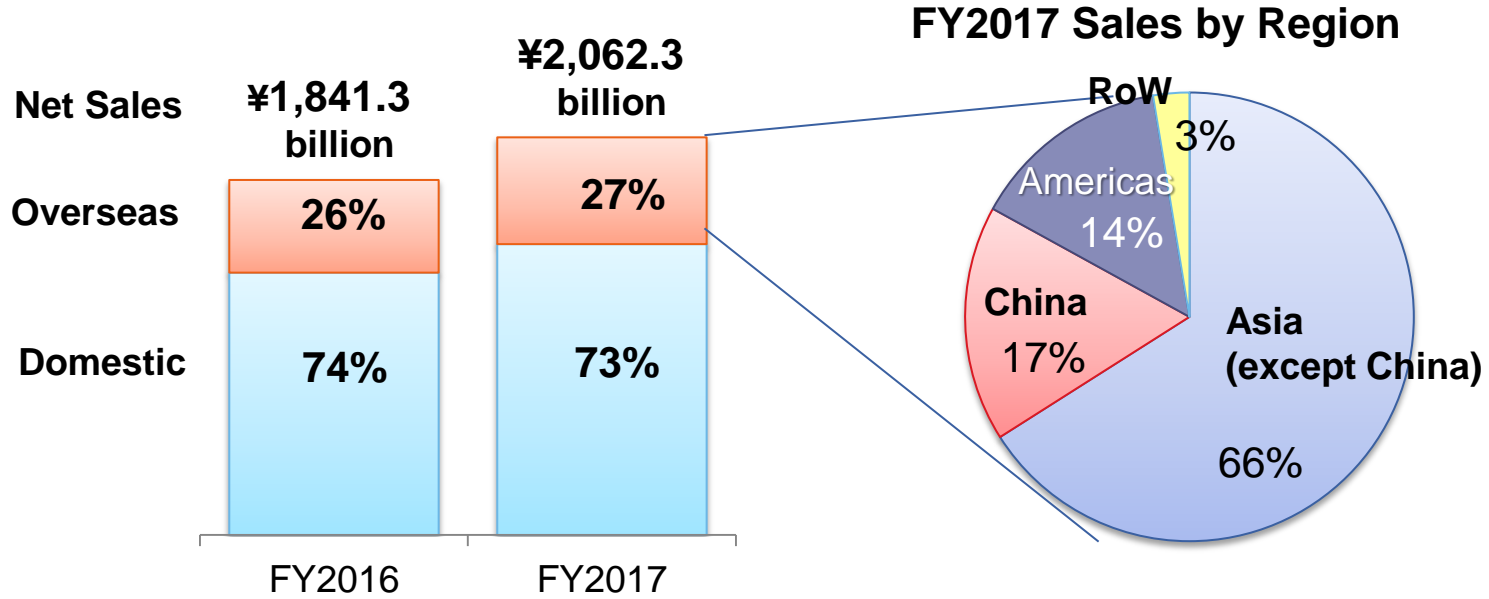
Extraordinary Profit (Loss)

¥ billion	FY2016	FY2017	Change
Gain on sales of non-current assets	0.11	0.43	0.32
Gain on sales of investment securities	0.27	0.12	-0.14
Gain on step acquisitions	0.10	-	-0.10
Gain on bargain purchase	0.04	-	-0.04
Total Extraordinary Profit	0.52	0.55	0.03
Impairment loss	(1.9)	(0.97)	0.94
Loss on sales of investment securities	(0.16)	(0.03)	0.13
Loss on valuation of investment securities	(0.01)	-	0.01
Loss on sales of investments in capital	(0.09)	(0.62)	-0.53
Loss on valuation of investments in capital	(0.07)	-	0.07
Loss on change in equity	(0.08)	-	0.08
Loss on liquidation of subsidiaries and associates	(0.24)	(1.12)	-0.88
Total extraordinary losses	(2.54)	(2.74)	-0.19
Net Extraordinary Profit (Loss)	(2.03)	(2.18)	-0.16

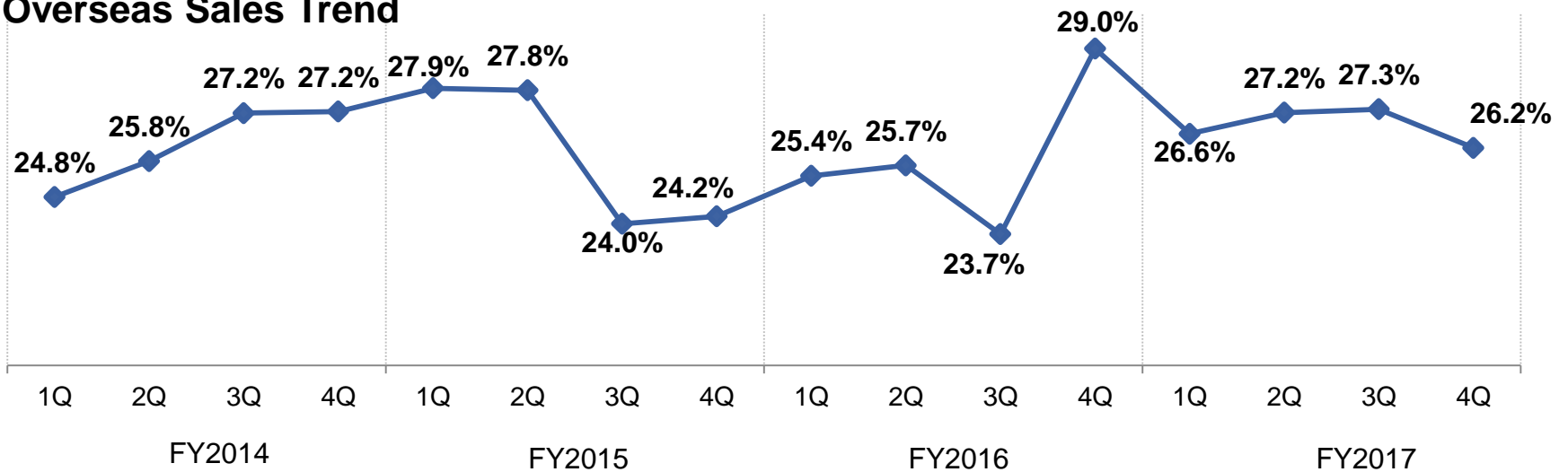
Sales and Ordinary Profit by Quarter

¥ billion	FY2014	FY2015				FY2016				FY2017			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Steel	428.6	385.3	397.3	365.4	362.9	323.0	347.2	358.1	419.9	389.6	413.8	435.1	436.3
I & I	23.6	23.5	25.9	20.5	23.2	21.4	20.2	19.5	25.1	22.1	22.2	22.3	22.2
Textiles	48.4	39.0	42.9	46.7	47.3	37.3	39.4	40.4	43.5	36.1	36.6	39.3	41.5
Foodstuffs	34.3	37.8	38.6	38.0	34.4	36.3	36.5	35.9	35.3	34.6	35.0	38.4	35.0
Others	0.3	0.3	0.6	0.0	0.3	0.3	0.5	0.3	0.2	0.4	0.4	0.3	0.3
Sales	535.3	486.0	505.6	470.8	468.2	418.5	444.1	454.6	524.2	483.0	508.1	535.6	535.5
Steel	5.7	5.4	4.4	3.8	4.6	3.8	4.2	5.2	6.3	6.3	6.3	6.7	5.9
I & I	1.1	1.9	0.7	0.4	0.1	0.7	0.4	0.4	0.5	1.4	0.7	0.7	0.7
Textiles	2.0	0.7	0.5	1.0	1.9	1.6	0.8	1.1	1.8	0.9	0.0	0.7	1.7
Foodstuffs	0.4	0.7	0.6	0.8	0.6	0.9	0.7	0.7	0.8	0.7	0.4	0.6	0.5
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ordinary Profit	9.4	8.8	6.5	6.2	7.4	7.2	6.3	7.7	9.5	9.5	7.5	8.9	9.0

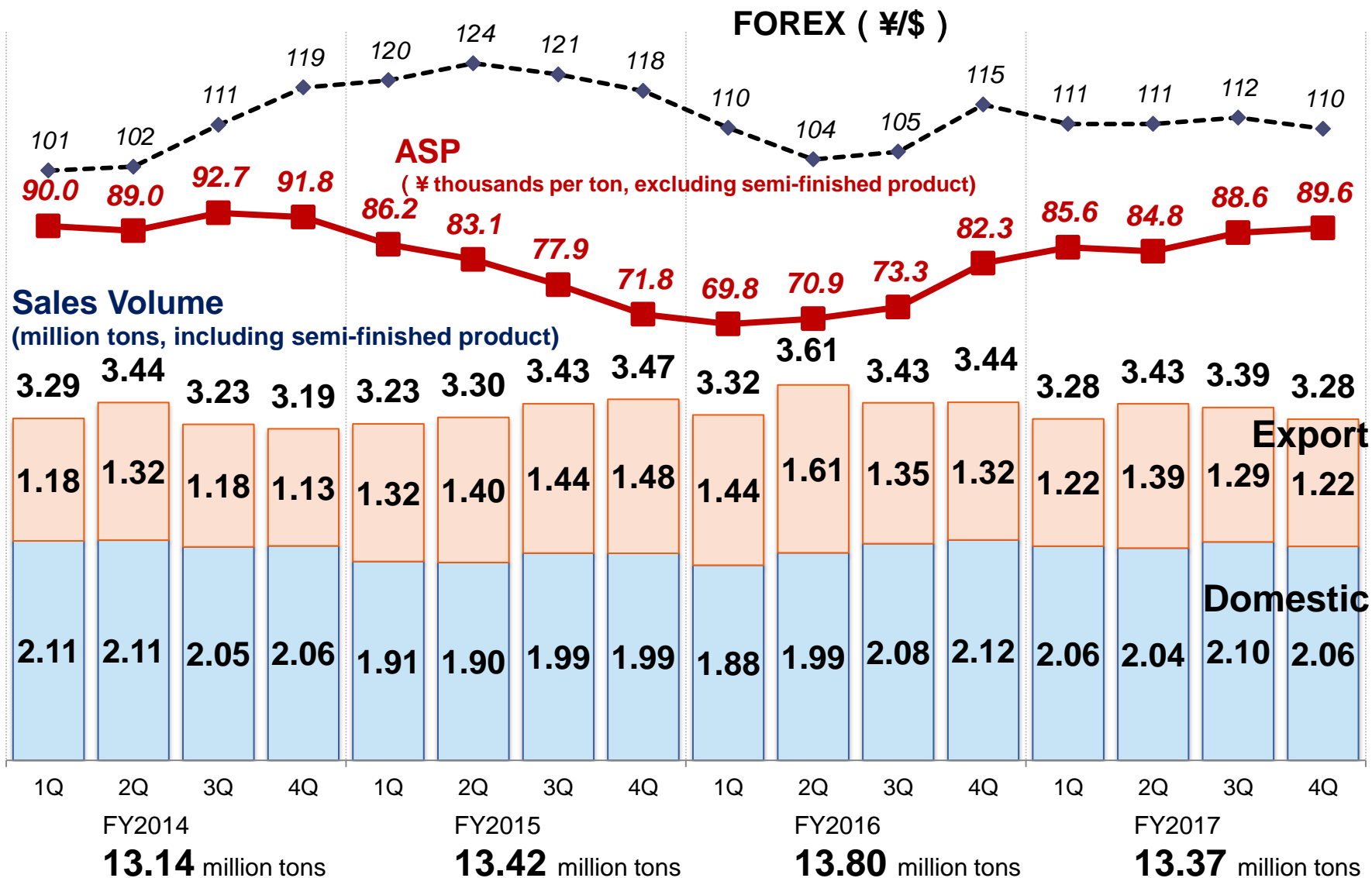
Overseas Sales



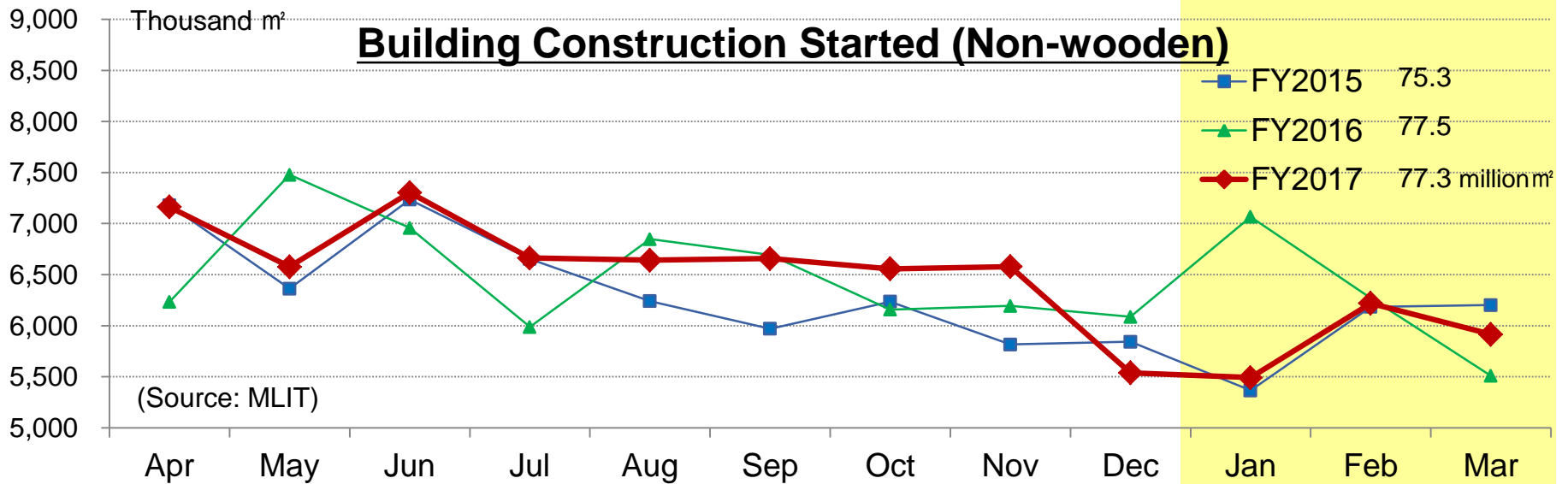
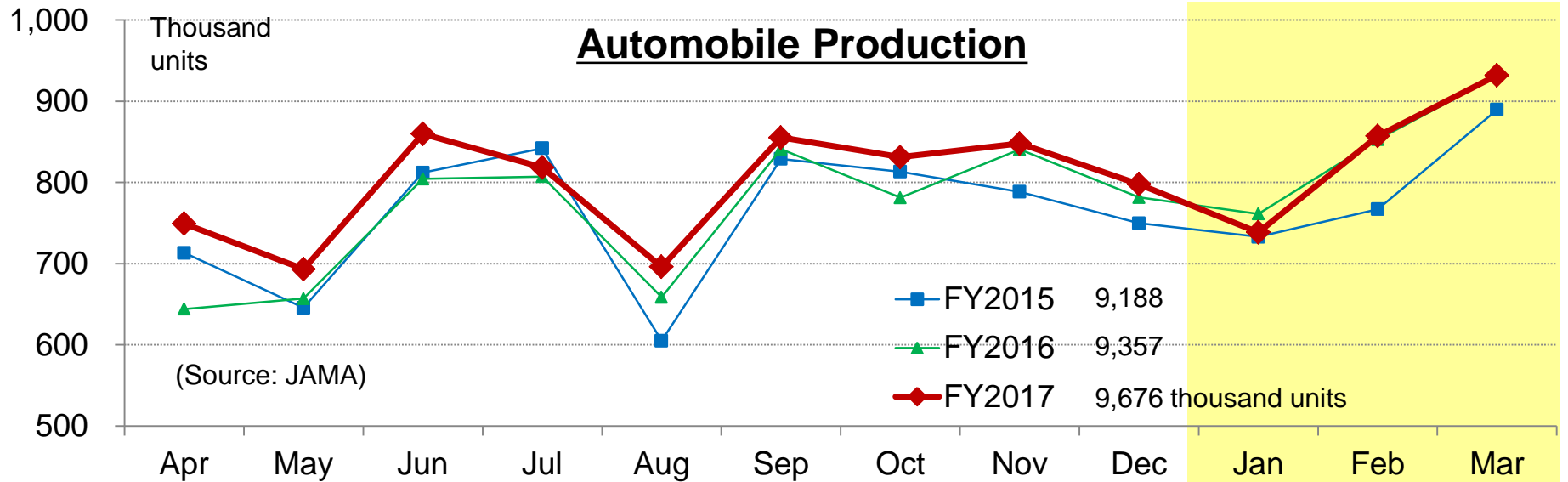
Overseas Sales Trend



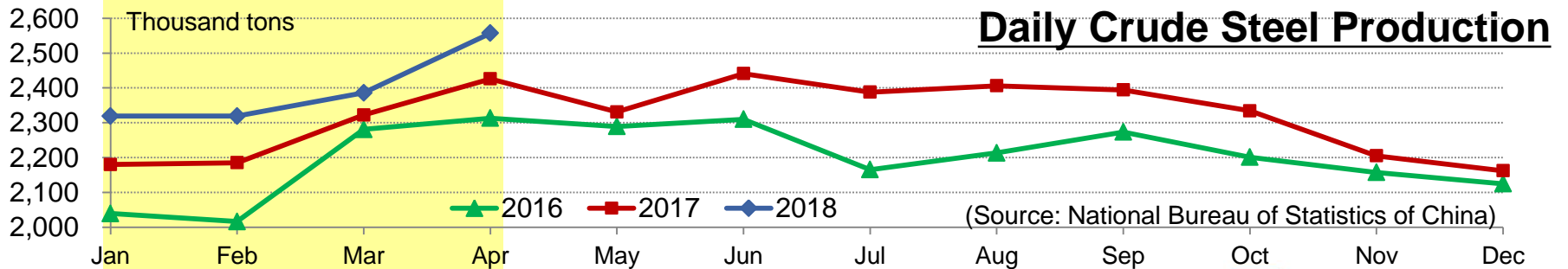
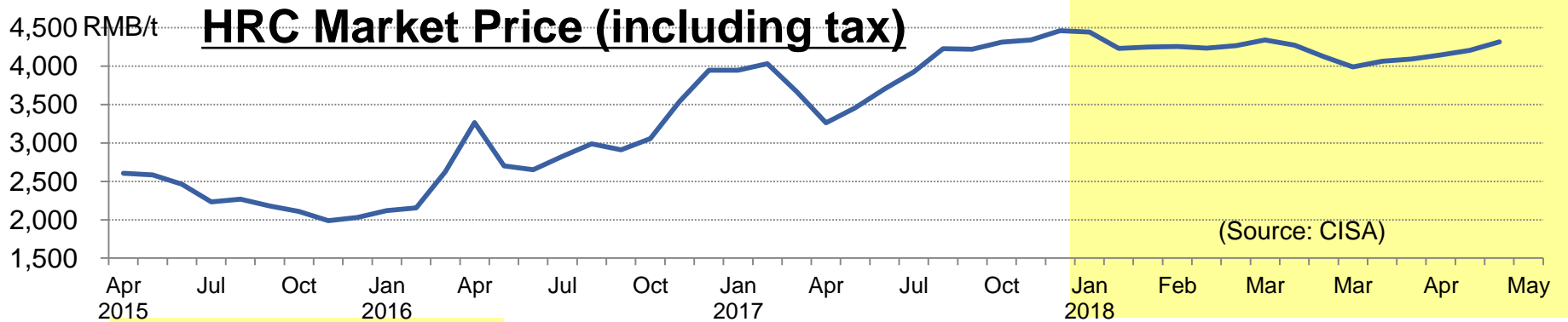
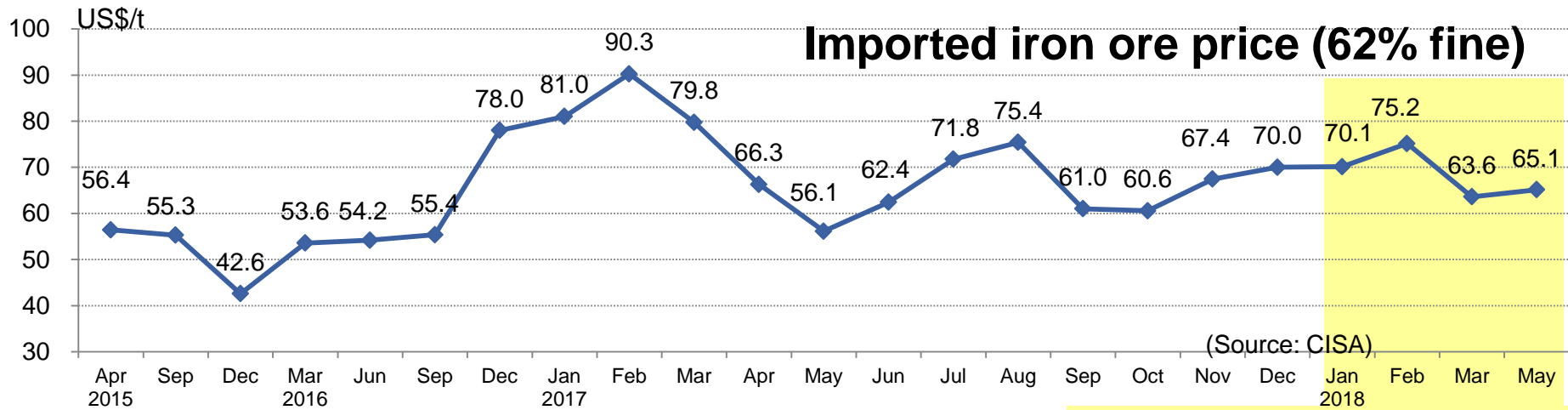
Sales Volume and ASP of Steel by Quarter



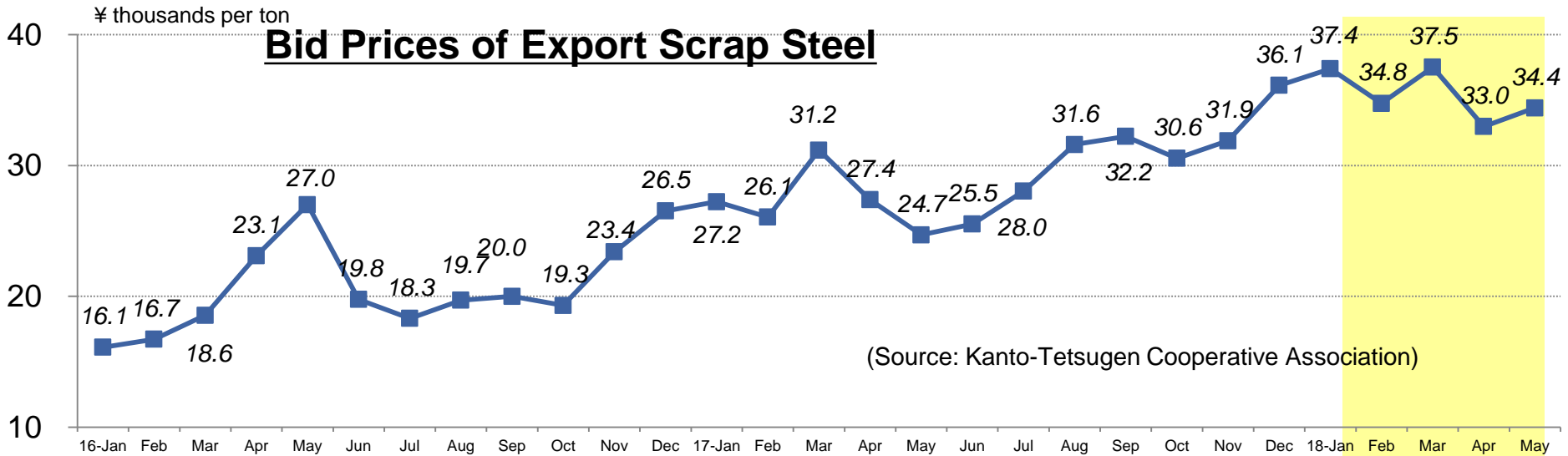
Domestic Demand Trend for Steel



Steel Market in China

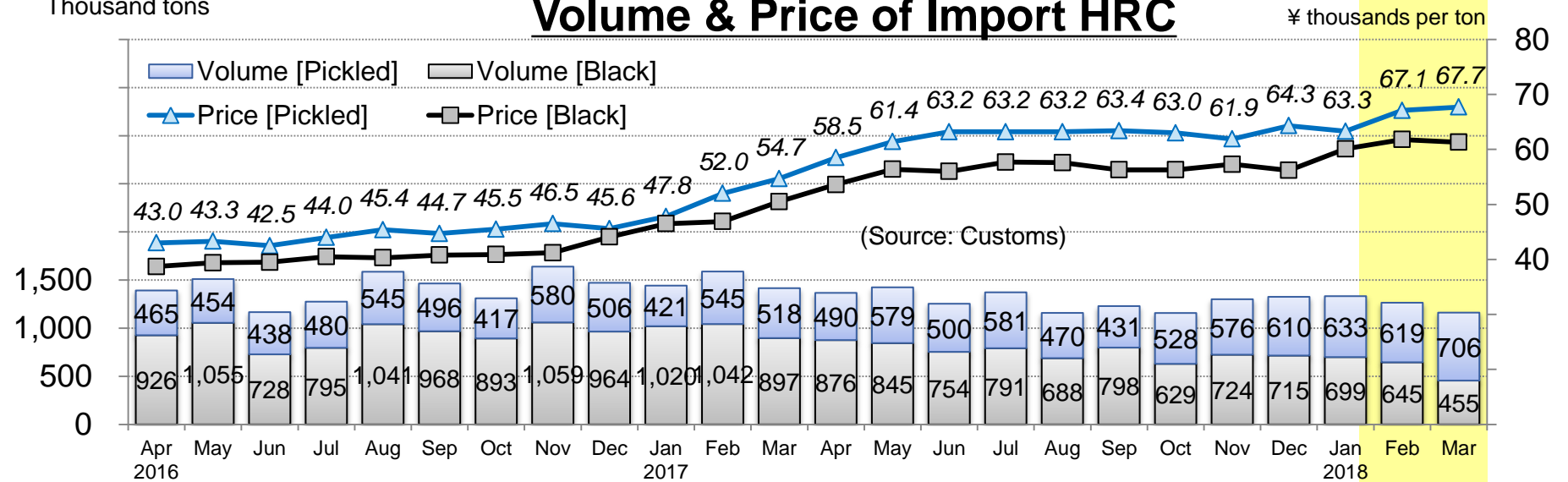


Steel Demand in Japan



Thousand tons

Volume & Price of Import HRC



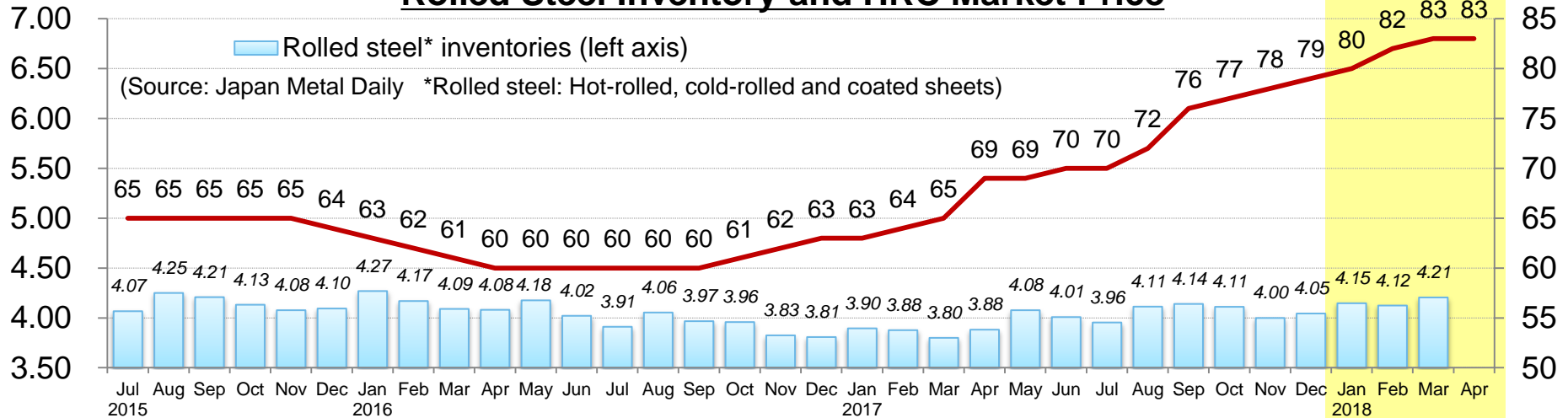
Steel Market in Japan



(Million tons)

Rolled Steel Inventory and HRC Market Price

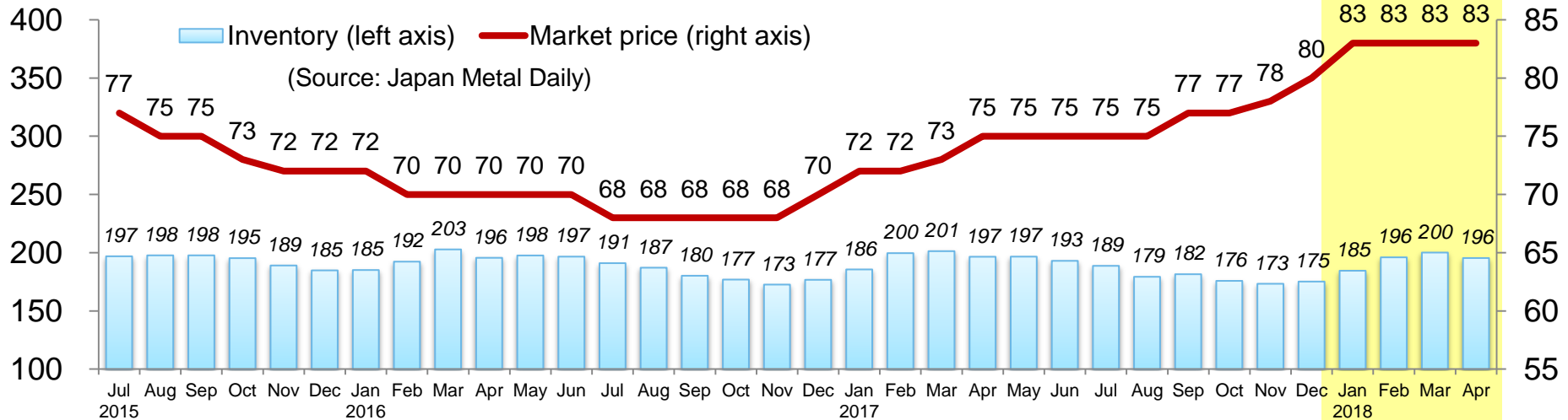
(¥ thousands per ton)



(Thousand tons)

H-beam Inventory and Market Price

(¥ thousands per ton)



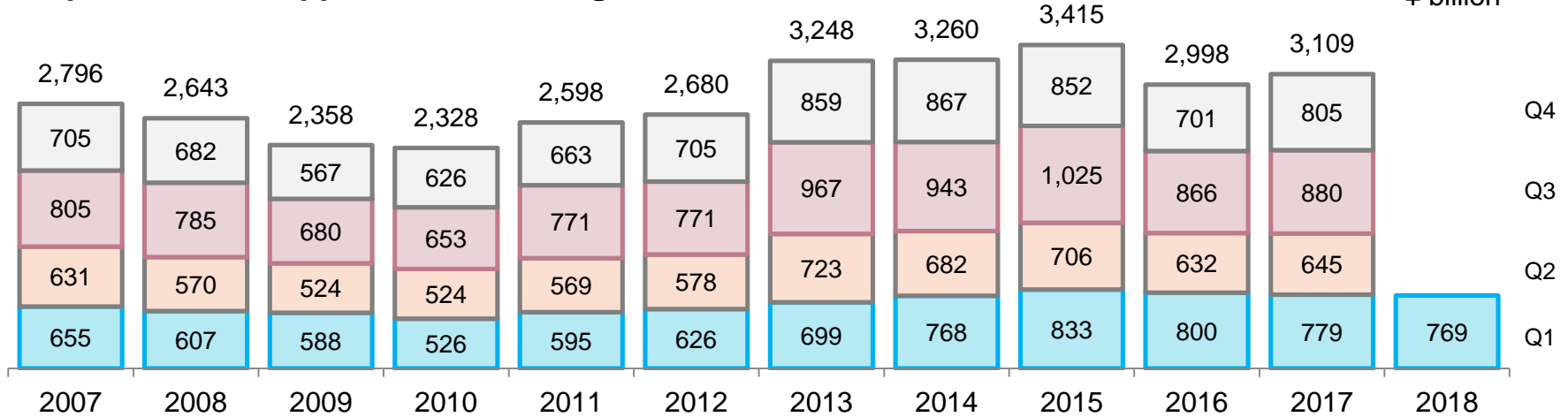
Indicators Related to Textiles and I & I Business



Import Trend of Apparel and Clothing Accessories

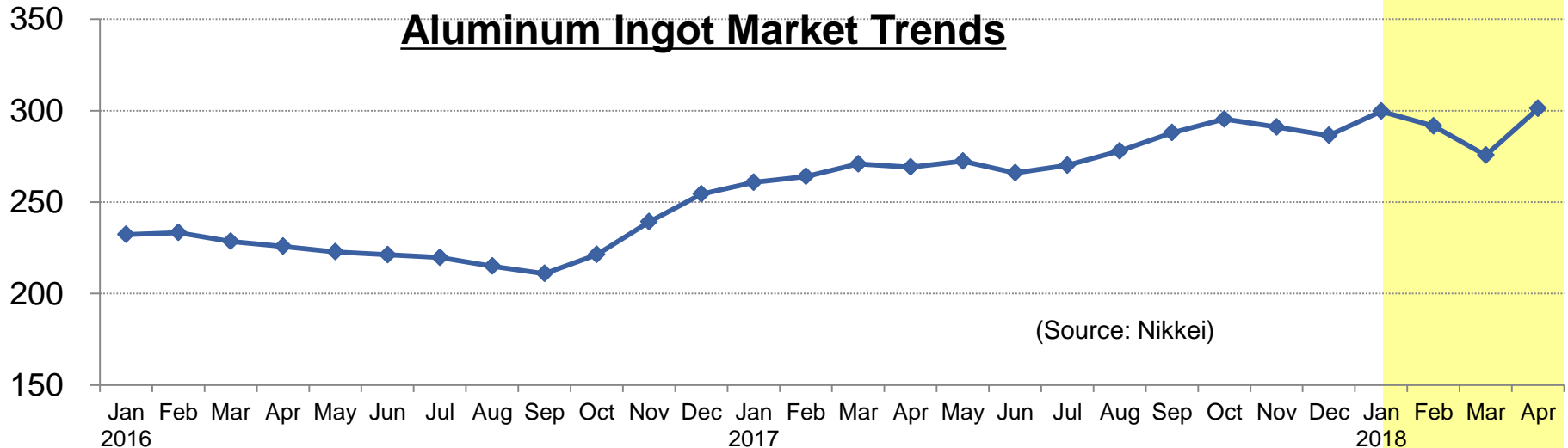
(Source: Customs)

¥ billion



¥ thousands per ton

Aluminum Ingot Market Trends



(Source: Nikkei)

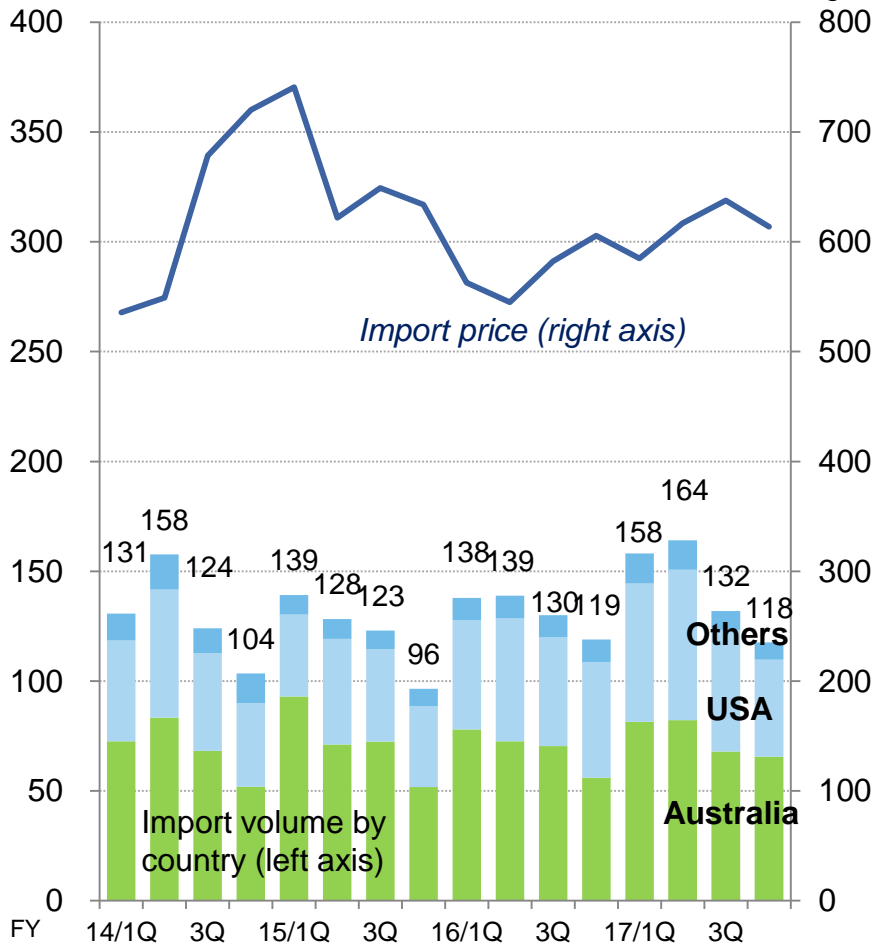
Import Price and Volume Trend of Meats (1)



Beef



(Thousand tons)

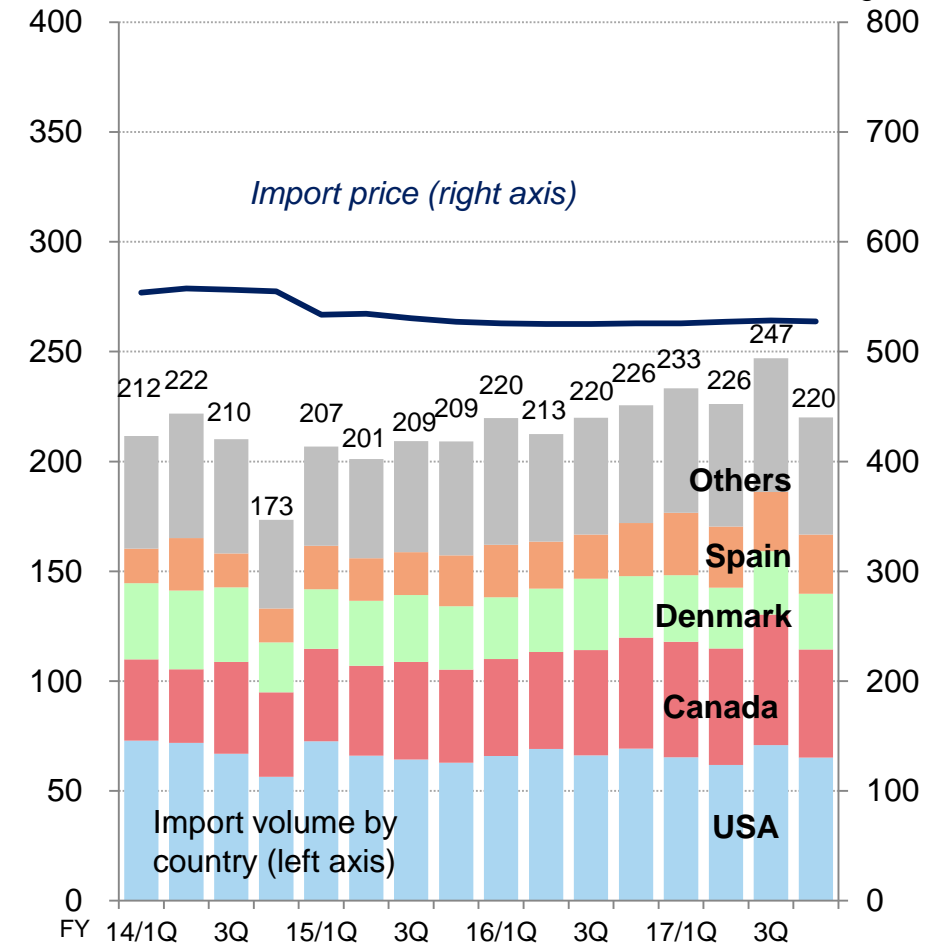


(Source: Customs)

Pork

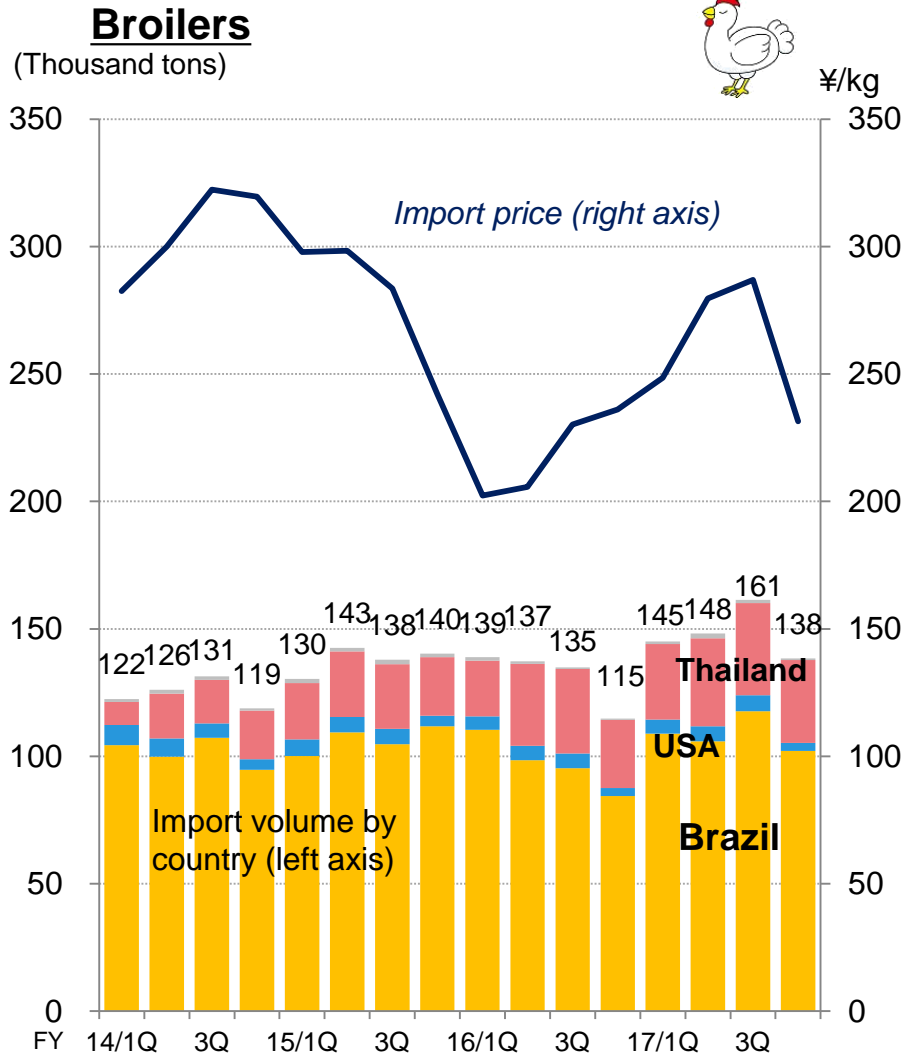


(Thousand tons)

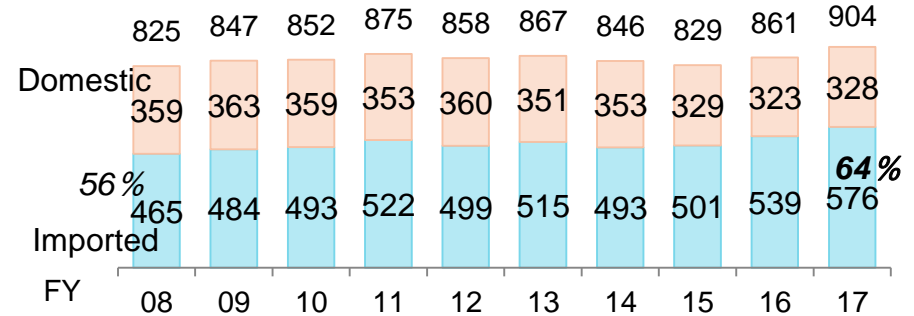


(Source: Customs)

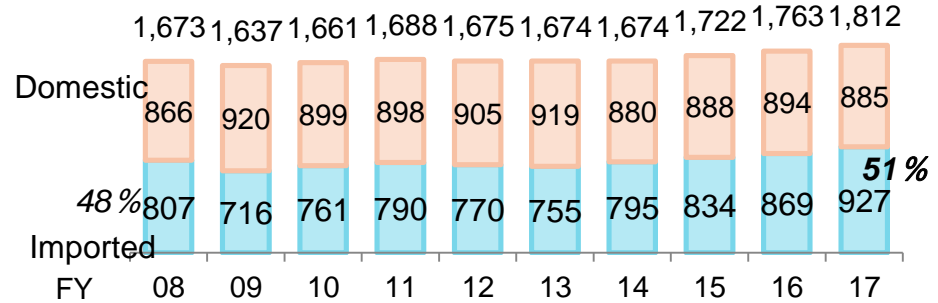
Import Price and Volume Trend of Meats (2)



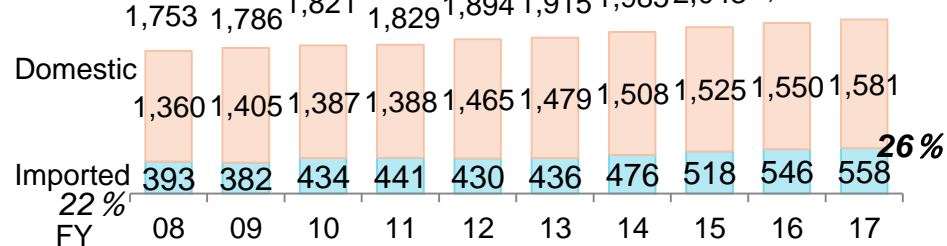
Estimated Marketing Quantity of Beef (Thousand tons)



Estimated Marketing Quantity of Pork (Thousand tons)



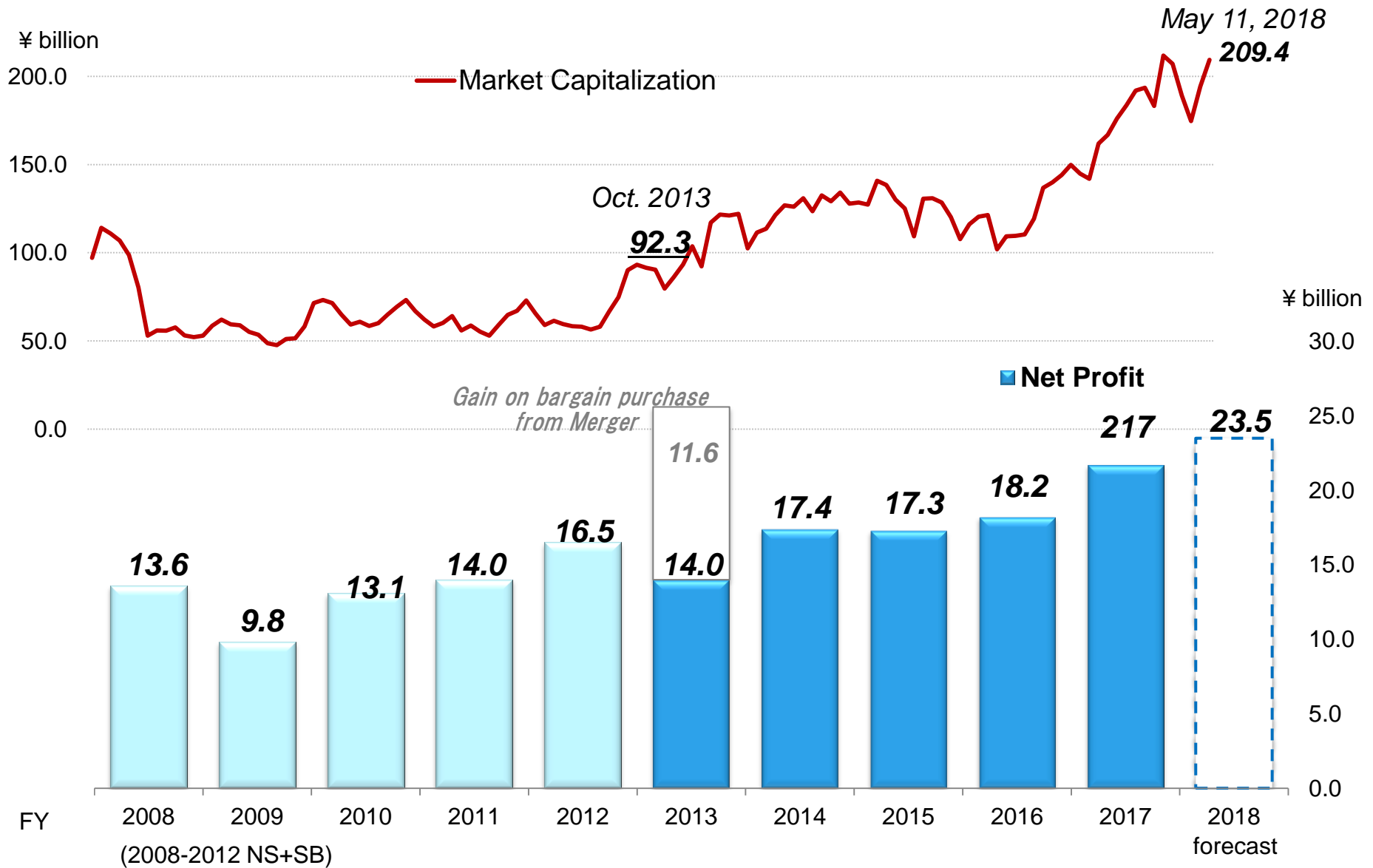
Estimated Marketing Quantity of Broilers (Thousand tons)



(Source: Customs)

(Source: Agriculture & Livestock Industries Corporation)

Market Capitalization and Net Profit



Corporate Philosophy

1. Continuing to be a corporate group driven by the aspiration of providing goods and services that offer new value to the larger society.
2. Putting trust and reliability first, and by doing so developing together with our customers.
3. Aiming to become the kind of organization that increasingly cultivates, utilizes, and values human resources and their talents.

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