

# **FY2017 1st Half Results Summary and Progress of Mid-term Business Plan**

Nov. 20, 2017  
President Kenji Hiwatari



**NIPPON STEEL & SUMIKIN BUSSAN  
CORPORATION**

# Agenda

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- 1. FY2017 1<sup>st</sup> Half Results & FY2017 Forecast**
- 2. Partial Acquisition of the Steel Products Business of the Mitsui & Co. Group, and Strengthening the Capital Relationship with Mitsui**
- 3. Progress of Mid-term Business Plan 2017**
- 4. Appendix**

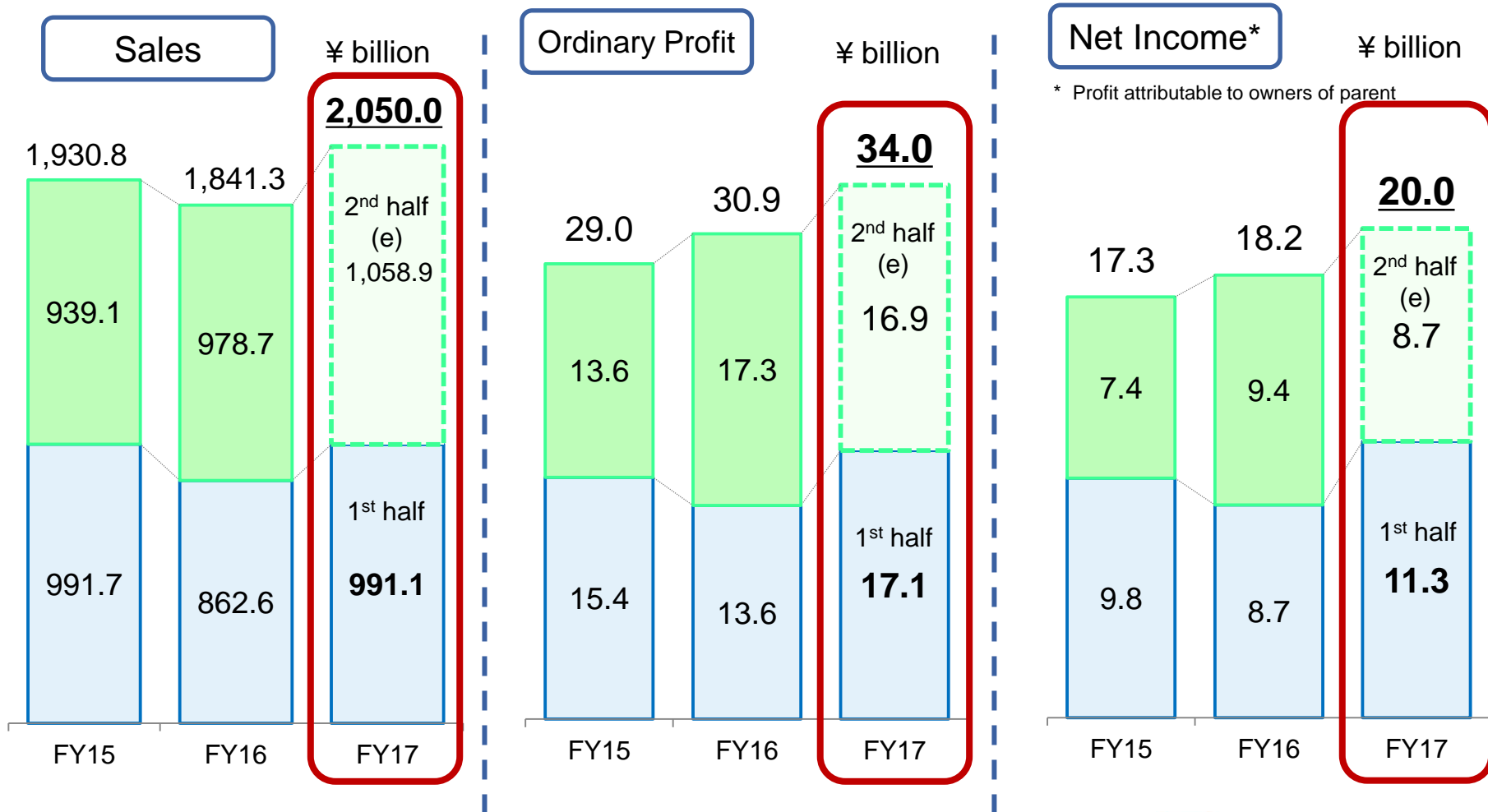
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# 1. FY2017 1st Half Results & FY2017 Forecast

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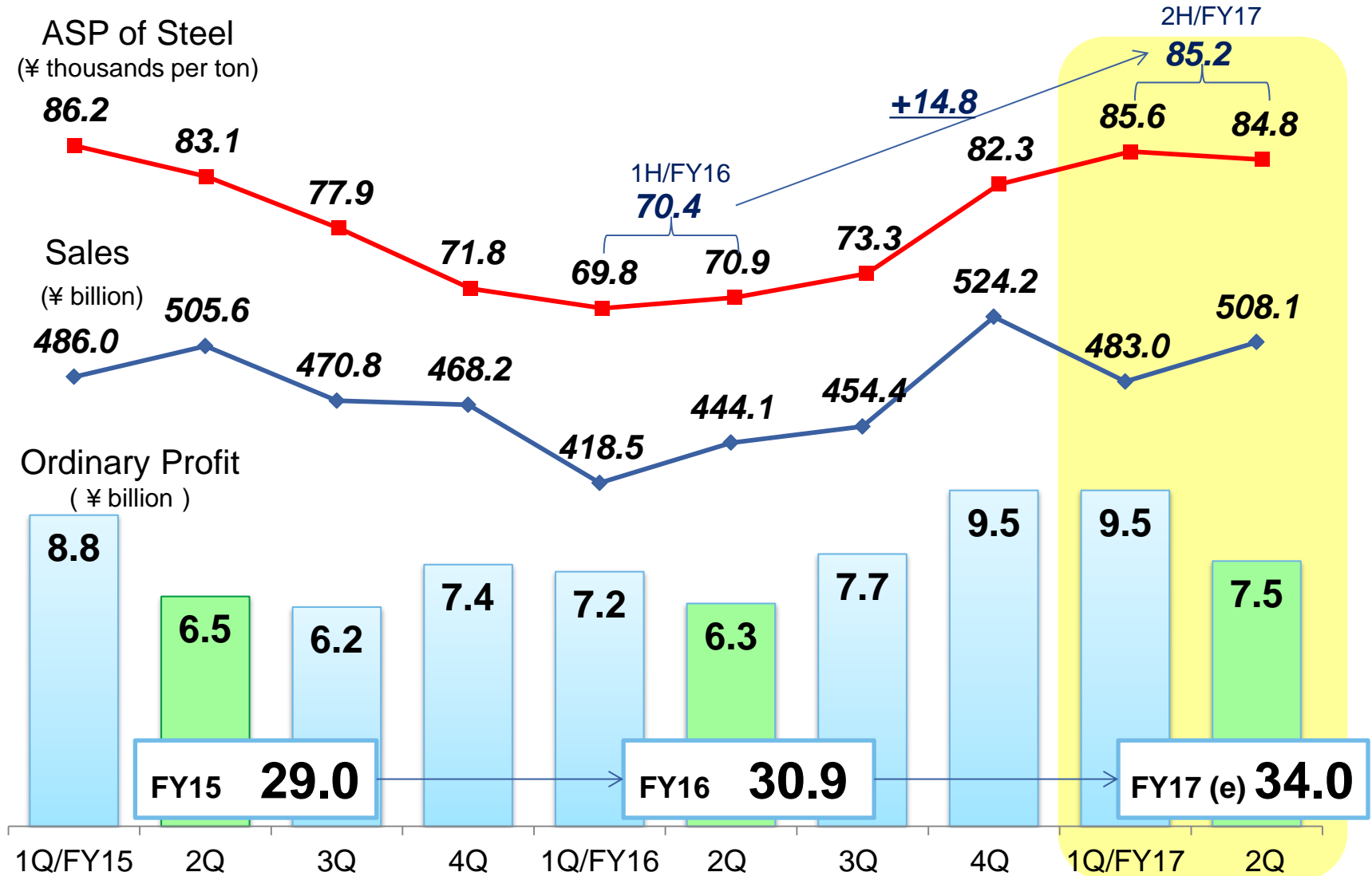
# Highlight: FY2017 1H Results

- Recorded Highest Profit after Merger in 1st half
- Revised Full Year Ordinary Profit Forecast from ¥33.0 billion to ¥34.0 billion



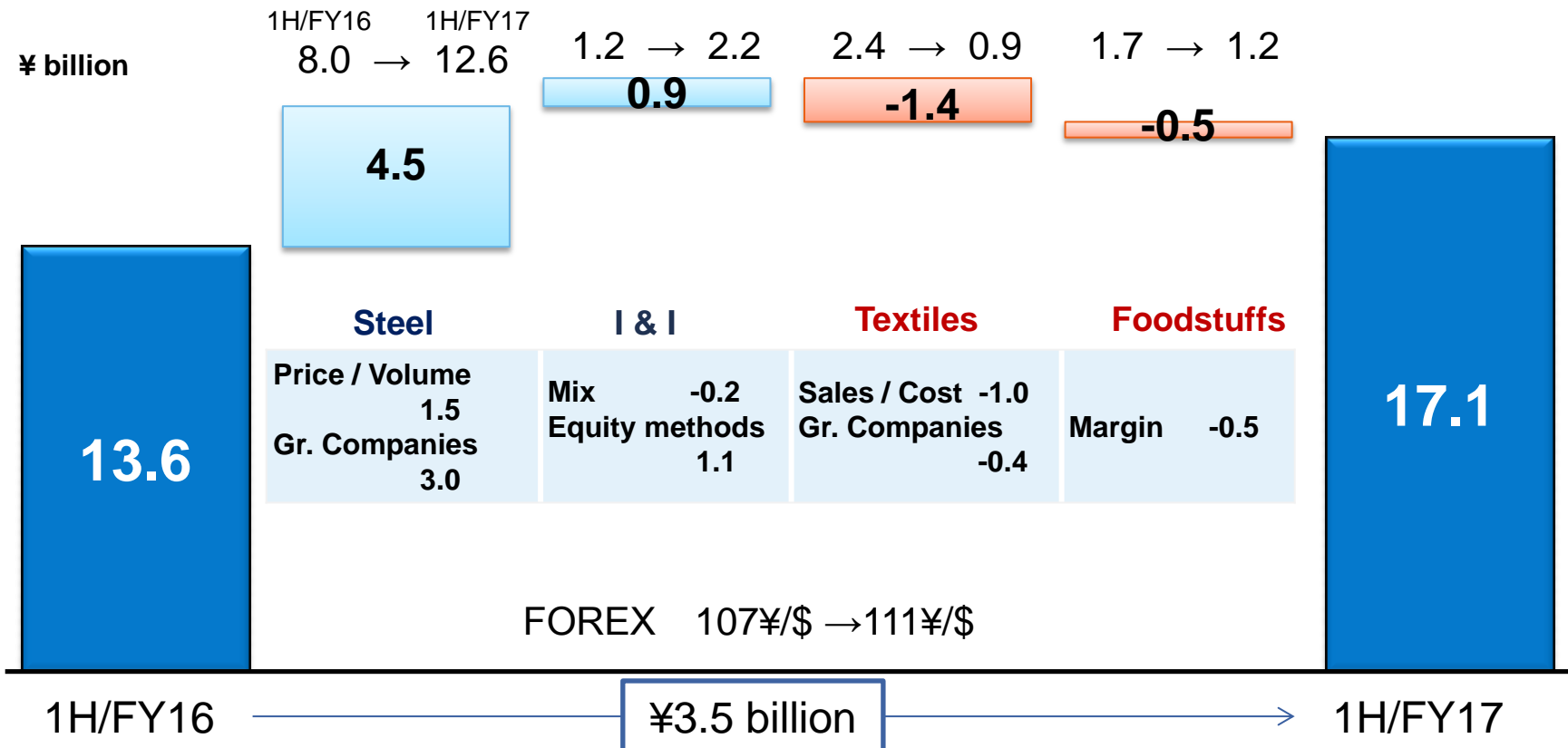
# Trends by Quarter

## ● Strong Rise in Steel Price Boosted Profits



# Ordinary Profit Variance Analysis [1H/FY16 vs. 1H/FY17]

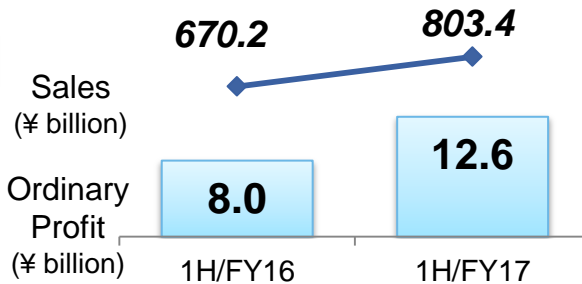
- Significant Profit Increase in Steel Covered Declines in Textiles and Foodstuffs.



\*I & I: Industrial Supply & Infrastructure

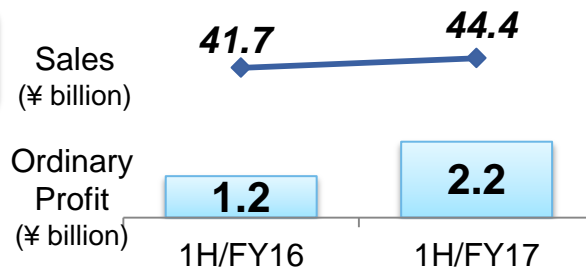
# Segment Results

## Steel



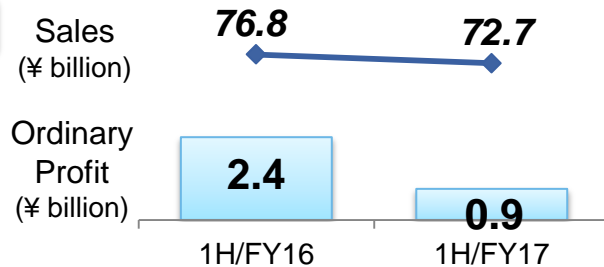
- Steel demand was firm both in Japan and other Asian countries.
- OP improved by ¥4.5 billion because of sales prices hike and improvement in group companies.

## Industrial Supply & Infrastructure



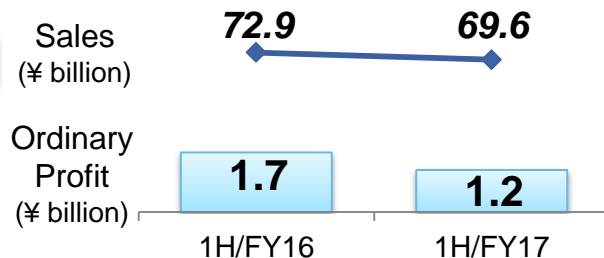
- Sales increased due to non-ferrous market rise.
- OP improved by ¥0.9 billion due to temporary profit from the equity methods company in Thailand.

## Textiles



- Severe business environment continued in apparel customers.
- OP decreased by ¥1.4 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

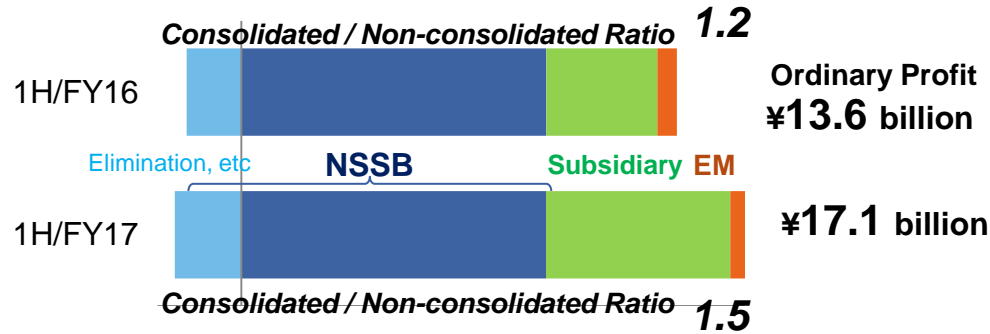


- Prices of imported meat in Japan remained steady overall.
- OP decreased by ¥0.5 billion because of lower profit margins for broilers.

# NSSB Group Portfolio

## 1H/FY16 vs. 1H/FY17

- Profit of the Steel subsidiary has improved significantly.



(YoY) Number	In the Black	In the Red	Total
Steel	(+6) 62	(-4) 12	(+2) 74
I & I	(-) 20	(-1) 1	(-1) 21
Textiles	(-) 10	(-2) 4	(-2) 14
Foodstuffs	(-) 2	(-) 0	(-) 2
Overseas office	(+2) 9	(-2) 3	(-) 12
<b>Totals for Group Companies</b>	<b>(+8) 103</b>	<b>(-9) 20</b>	<b>(-1) 123</b>

¥ billion	Steel	I & I	Textiles	Foodstuffs
Ordinary Profit Breakdown (1H/FY17)	<p>12.6</p>	<p>2.2</p>	<p>0.9</p>	<p>1.2</p>
Change in OP	4.5	0.9	-1.4	-0.5
Change in Group Earnings	3.0 (Overseas companies: 2.4)	1.1	-0.4	0.0
Main Factor for the Change	<ul style="list-style-type: none"> <li>○ Sales / Costs</li> <li>○ Market</li> <li>○ Stable operations</li> </ul>	<ul style="list-style-type: none"> <li>○ Profit on negative goodwill by Rojana Industrial Park</li> </ul>	<ul style="list-style-type: none"> <li>× Margin</li> <li>× Forex</li> </ul>	

\*EM: Affiliated company accounted for by the equity method



# Balance Sheets

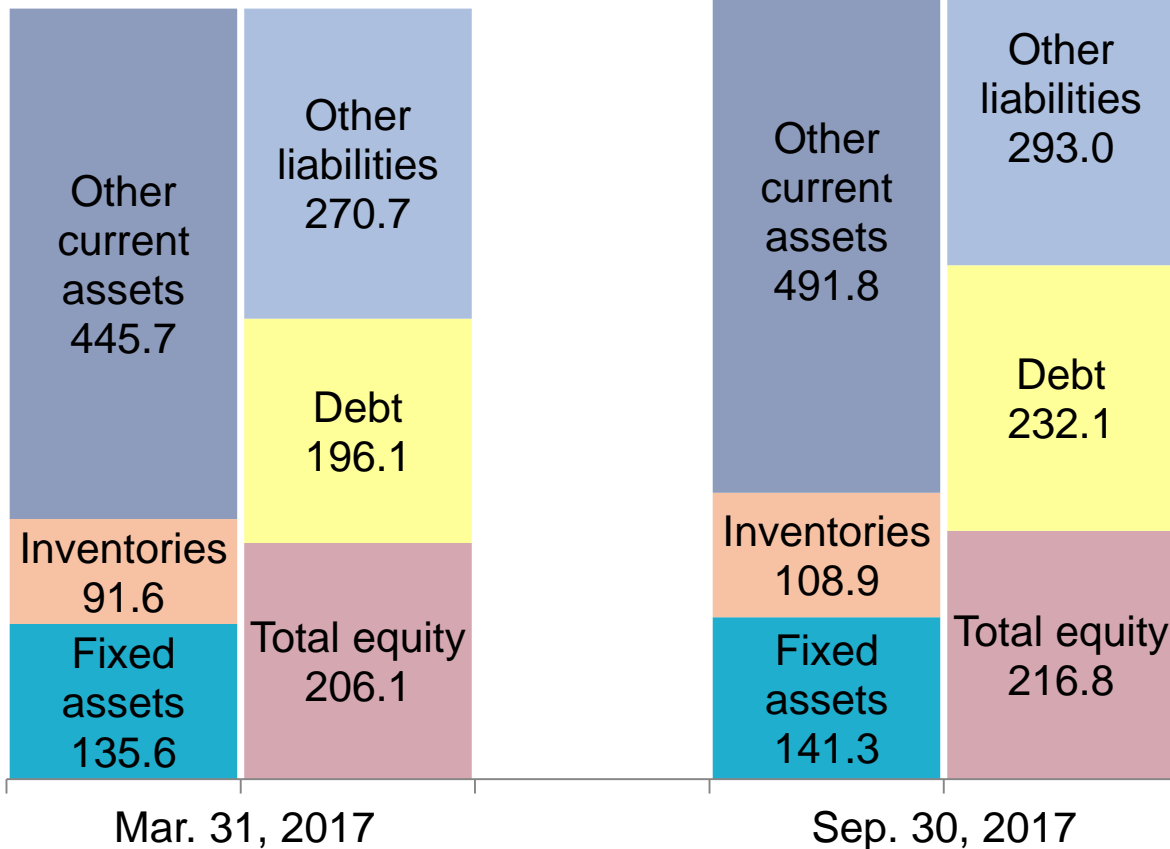
- Total Consolidated Assets Increased in Trade Notes and Accounts Receivable from Increased Sales and a Holiday Falling on the Term-end

(\*Including ¥29.3 billion with a Holiday Falling on the Term-end)

¥ billion

\*69.0 → Total assets 742.1

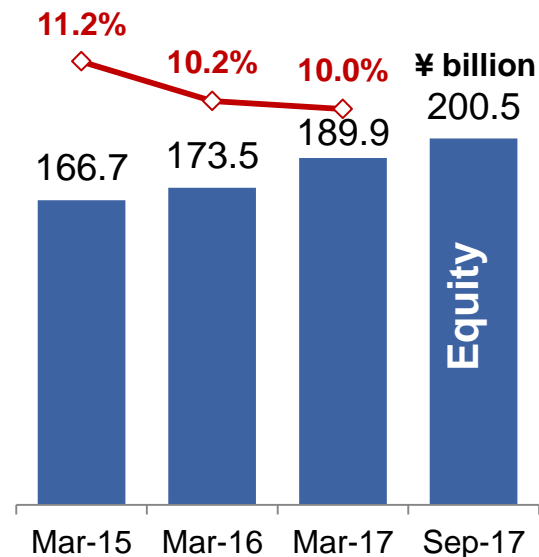
Total assets 673.0



< >: After excluding the effect of a holiday falling on the term-end

	Mar. 2017	Sep. 2017
Equity Ratio	28.2%	<28.1%> 27.0%
Net - DER	0.91	<0.98> 1.06

ROE



# Cash Flow

¥ billion	1H/FY16	1H/FY17	
Operating CFs	8.9	<b>(31.1)</b>	Increased accounts receivable
Investment CFs	(1.7)	<b>(2.6)</b>	CAPEX & Investments ¥2.9 billion 〔 CAPEX 2.4, Investment 0.4 〕
Free CF	7.2	<b>(33.7)</b>	
Net increase (decrease) of debts	(2.1)	<b>36.2</b>	
Cash dividends	(2.8)	<b>(3.7)</b>	
Others	(2.4)	<b>(0.7)</b>	
Changes in cash & cash equivalents	0.2	<b>2.0</b>	

# Guidance for FY2017

- Raised Full Year Forecast: Ordinary Profit ¥34.0 billion, Net Profit ¥20.0 billion

¥ billion	FY16		<Previous Forecast > FY17 (e)		Change 17-16	Change Previous Forecast	
	2H		1H	2H (e)			
Sales	978.7	1,841.3	991.1	1,058.9	<2,000> <b>2,050</b>	208.7	50
Steel	11.5	19.6	12.6	11.9	<22.0> <b>24.5</b>	4.8	2.5
I & I	1.0	2.2	2.2	0.8	<2.2> <b>3.0</b>	0.7	0.8
Textiles	3.0	5.4	0.9	2.9	<5.4> <b>3.8</b>	-1.6	-1.6
Foodstuffs	1.6	3.3	1.2	1.5	<3.4> <b>2.7</b>	-0.7	-0.7
Ordinary Profit	17.3	30.9	17.1	16.9	<33.0> <b>34.0</b>	3.1	1.0
Net Profit	9.4	18.2	11.3	8.7	<19.5> <b>20.0</b>	1.8	0.5
EPS (¥)	305.73	589.96	365.97	281.04	<630.82> <b>647.01</b>	57.05	16.19
Dividend (¥)	105	*180	90	90	<180> <b>180</b>	-	-
Pay out Ratio		30.5%			<28.5%> <b>27.8%</b>		

\* Based on after share consolidation

## Policy of cash dividend

- ◆ NSSB's most important management goal is to improve profit returns to our shareholders.
- ◆ Our basic dividend policy is to realize dividends that are in line with business results while balancing profit trends and financial conditions.
- ◆ Targeting payout ratio in this mid-term business plan is 25%–30%.

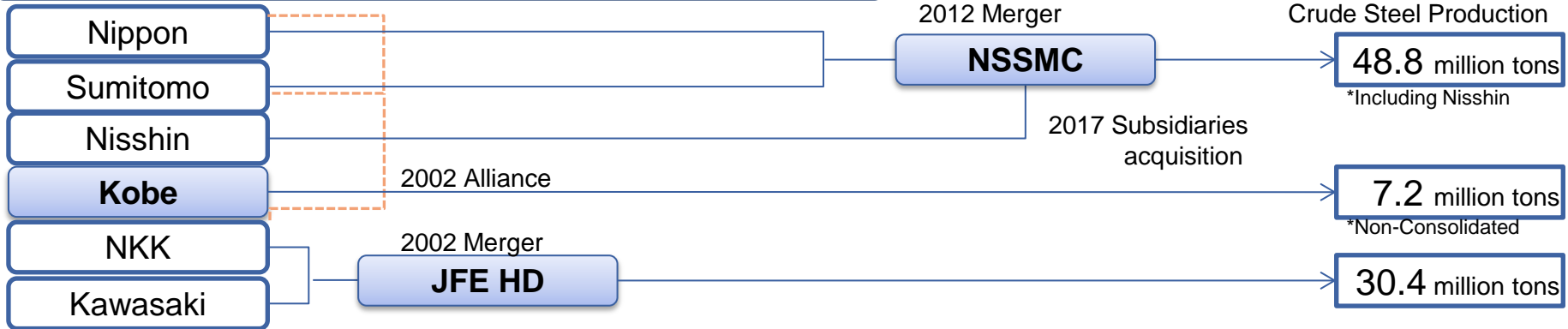
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## **2. Partial Acquisition of the Steel Products Business of the Mitsui & Co. Group, and Strengthening the Capital Relationship with Mitsui**

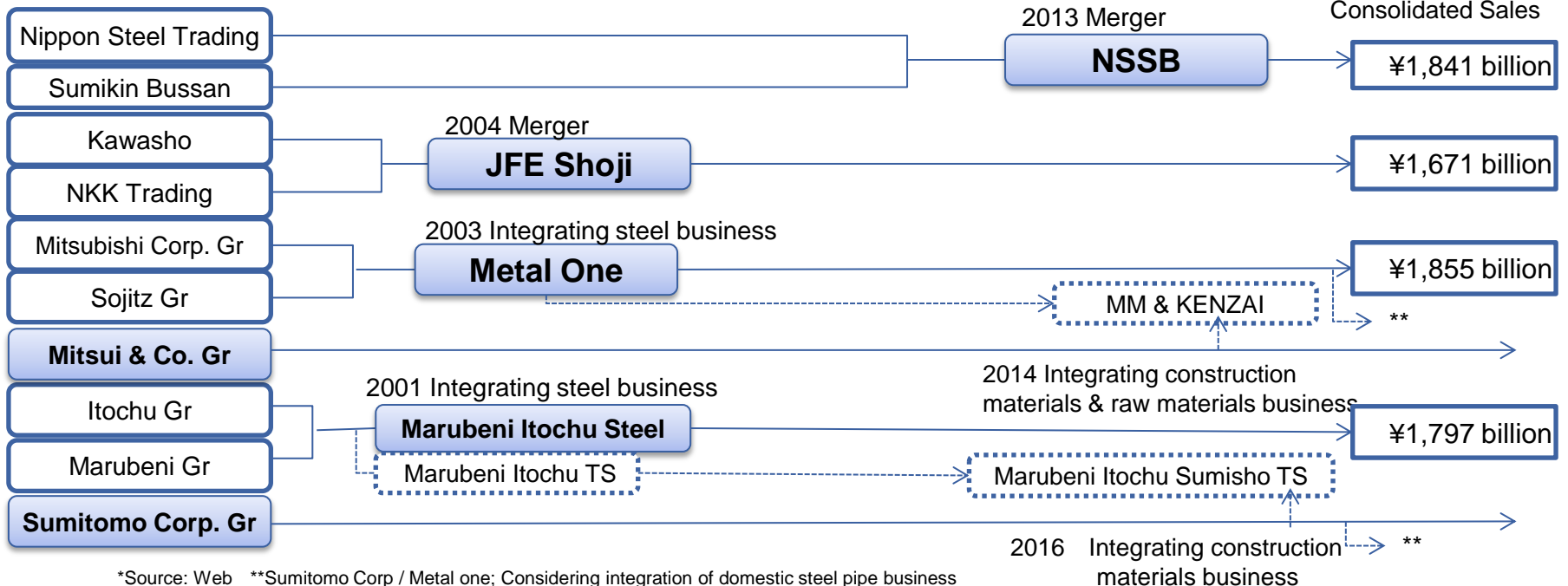
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# Reorganization of Steel Industry in Japan

## Consolidation of Blast Furnace Companies



## Steel Trading Company Reorganization also Activated



\*Source: Web \*\*Sumitomo Corp / Metal one; Considering integration of domestic steel pipe business

# Purpose of the Transaction

**NSSB**

**Promoting the Growth and Development of the Steel Business as the Core Trading Company of the NSSMC Group**

**Mitsui & Co. Group**

**Strengthening its Profit Base through a Business Reorganization for Further Growth**

**Both Companies Could Benefit from a Partnership**



- ✓ **Acquiring Part of the Mitsui Group's Steel Business.**
- ✓ **Strengthen Capital Relationship and Deepen Collaborative Relationship between Both Companies**

## Further Improvement in Customer Satisfaction

Aiming to provide better services to our customers by using our comprehensive power and the value chains.

## Improvement and Enhancement of Competitiveness

Expanding our steel businesses and increasing our competitive power by utilizing the combined strength and synergy.

## Acceleration of Global Strategies

Aiming to be the most suitable partners for one another, capable of planning and proposing total solutions that meet the global needs of customers all over the world.

# Overview of the Transaction

- **Partial Acquisition of the Mitsui Group's Steel Products Business**

Sales of the business to be acquired: approx. **¥370 billion**

Price: approx. **¥60 billion**

- **Mitsui Increases NSSB's Voting Rights 11% to 20% to Make NSSB its Equity-methods Associated Company**

- The third-party allotment to Mitsui: **1.35 million shares**. [Dilution Ratio: 4.4%]
- Share purchase from existing NSSB's shareholders.



## Steel Division

As of FY2016 \*Volume: Non-Consolidated

**Sales**  
¥1,448 billion  
**Volume**  
13.8 million tons

**Sales**  
¥370 billion  
**Volume**  
4.0 million tons



## Iron & Steel Products Business Unit

**Current Assets**  
Approx. ¥100 billion  
**Current Liabilities**  
Approx. ¥40 billion

**Transfer**  
Approx. ¥60 billion

### Transferred Business Portfolio

Area

Japan 60%

Overseas 40%

Demand Field

For manufacturing  
For construction

Mainly Asia region

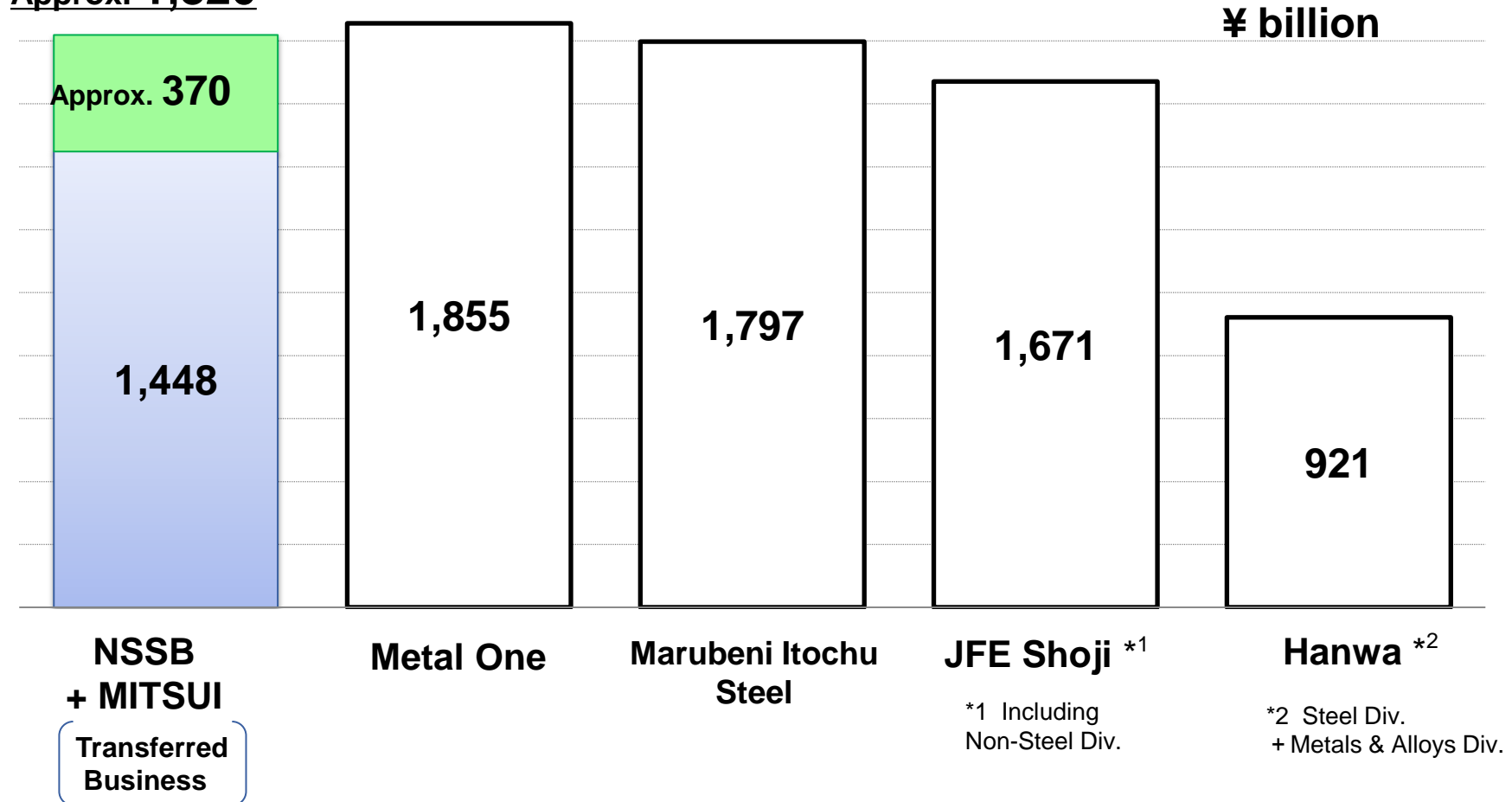
### Type of Products

Steel Sheet, Plate, Pipe  
Specialty Steel, Stainless Steel,  
etc.

# Creating the Best Steel Trading Company

## Sales of Major Steel Trading Companies in Japan [FY2016]

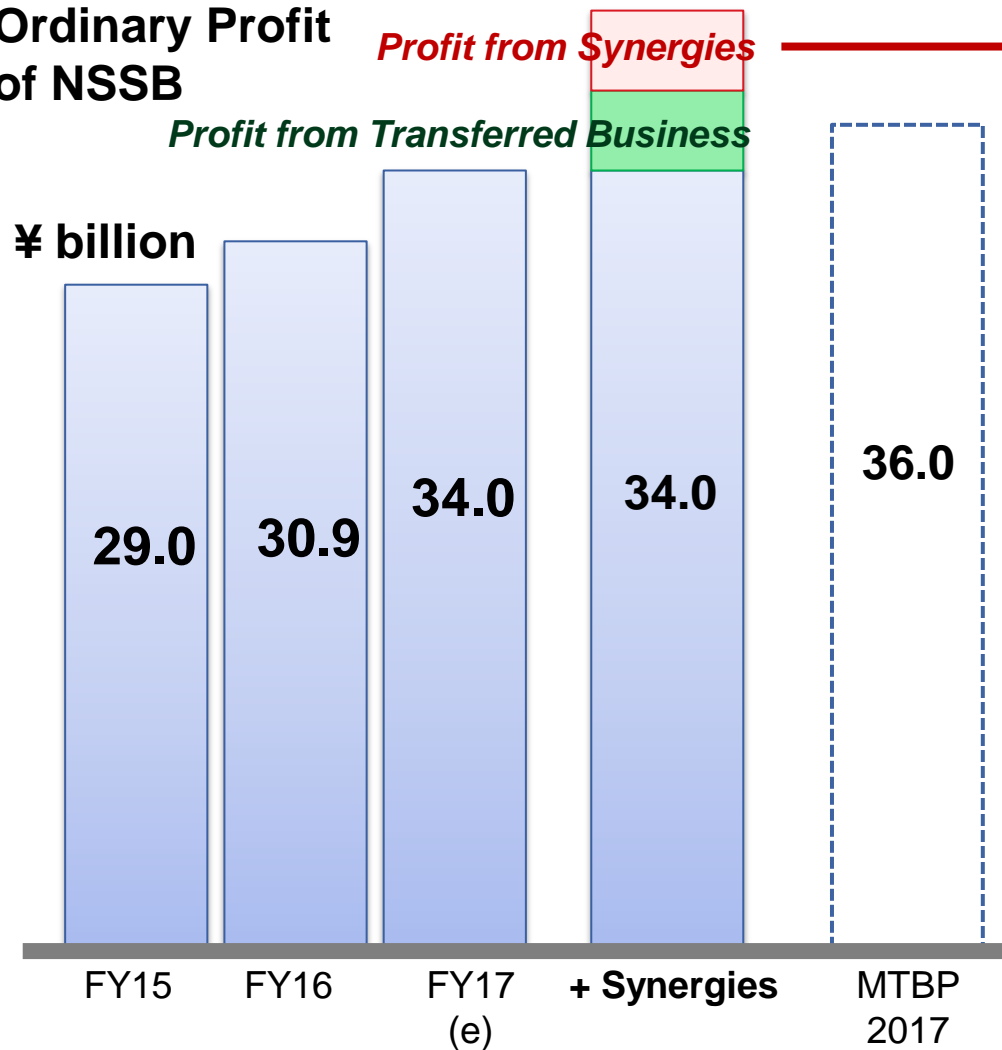
Approx. 1,820





# Maximizing Corporate Value

## Ordinary Profit of NSSB



### Expected Synergies

- ✓ Pursuing functions in global distribution.  
[Steel service centers, logistics networks, processing, etc.]
- ✓ Utilizing excellent customer base of Mitsui.  
[Customers in auto, energy field, etc.]
- ✓ Expanding our steel businesses by utilizing their combined strengths.
- ✓ Enhancing competitiveness of group companies by improving efficiency.

( cf. ) Net profit of Mitsui's Iron & Steel Products Business Unit [FY2016]: ¥6.9 billion

# The Effect of Integration will raise EPS



# Roadmap

<b>Mar. 22, 2017</b>	<ul style="list-style-type: none"><li>• <b>Commencement of discussion</b></li></ul>
<b>Sep. 29, 2017</b>	<ul style="list-style-type: none"><li>• <b>Conclusion of the agreement</b></li></ul>
<b>Oct. 2017-</b>	<ul style="list-style-type: none"><li>• <b>Preparation for business transfer</b></li><li>• <b>Filing with regulatory authorities in relevant countries</b></li></ul>

## ( After Obtaining Approvals )

<b>Apr. 1, 2018 (Planned)</b>	<ul style="list-style-type: none"><li>• <b>Effective date of the business transfer</b></li></ul>
<b>Apr. 2, 2018 (Planned)</b>	<ul style="list-style-type: none"><li>• <b>Effective date of the third-party allotment</b></li></ul>

<b>May 2018 (Planned)</b>	<ul style="list-style-type: none"><li>• <b>FY2017 earnings announcement</b></li><li>• <b>New Mid-term Business Plan announcement</b></li></ul>
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# 3. Progress of Mid-term Business Plan 2017

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# Progress of Post-Merger Integration [2013-2015]

	FY2013	2014	2015
<b>Strategy</b>	13/2 Commencement of discussion 13/4 Conclusion of the agreement 13/6 Shareholders meetings 13/10 <b>Merger</b>		15/5 <b>Release “MDTP 2017”</b> 15/5 ~ Investors meeting for analysts and institutional investors
<b>Corporate Governance</b>	13/10 Release “Corporate Philosophy and Management Principles” 13/10 Release “Compliance Manual” 13/11 Develop “Emergency Communication System”		
<b>Offices, Group Co., System</b>	13/10 ~ Integrate branch offices and group companies 14/3 Integrate head office		15/7 Release “HR & Payroll System”
<b>Personnel System</b>	13/12 Merge unions	14/7 Integration for mgt-level workers 14/7 Release “Employee Code of Conduct”	15/7 Integration for non-mgt workers
<b>Ordinary Profit</b>	*NS+SB <b>¥27.3 billion</b>	<b>¥30.5 billion</b>	<b>¥29.0 billion</b>
<b>Synergy Effect</b>	<b>Base</b>	<b>¥1.3 billion</b>	<b>¥1.7 billion</b>

# Progress of Post-Merger Integration [2016-2018]

	FY2016	2017	2018
<b>Strategy</b>		17/9 Release “Partial Acquisition of Mitsui’s Steel Business,” etc. 17/10 <u>Acquire Credit Rating ( A )</u>	18/4 <u>Effective date of the Business transfer from Mitsui</u> (P) 18/5 <u>Release “New MTBP”</u> (P)
<b>Corporate Governance</b>	16/6 Conduct “Corporate Governance Code” ( • Strengthen board decision making • N & C committee ) 17/1 ~ Build internal control system based on autonomous internal controls	17/12 (Planned) (NSSB) Complete documentation	19/3 (P) (Subsidiary) Complete documentation
<b>Offices, Group Co., System</b>	16/4 Integrated enterprise system	17/12 (P) Move Osaka office 18/3 (P) New integrated data centers	
<b>Personnel System</b>		17/4 Integrated retirement and pension system 17/7 Promote work style reforms	18/4 (P) Transfer Mitsui’s employees
<b>Ordinary Profit</b>	¥30.9 billion	forecast ¥34.0 billion	
<b>Synergy Effect</b>	¥2.4 billion	forecast ¥3.0 billion	<i>[Create Synergies from Alliance with Mitsui]</i>

# Reinforcement of the Group Management Infrastructure

## ● Prioritizing Businesses

Number of companies	Oct. 2013	Sep. 2017	Change
Subsidiary	94	94	0
EM	33	29	-4
Consolidated	127	123	-4
Non-Consolidated	56	45	-11
<b>Total</b>	<b>183</b>	<b>168</b>	<b>-15</b>

Number of companies	Total	Japan	Over sea
Integration, Liquidation, etc.	-29	-12	-17
Acquirement, Establishment, Etc.	14	6	8
<b>Total</b>	<b>-15</b>	<b>-6</b>	<b>-9</b>

## ● Improving Profitability

Ordinary Profit from Group Companies ( before elimination )

1<sup>st</sup> half / FY2013 [NS+SB]

¥5.0 billion



1<sup>st</sup> half / FY2017

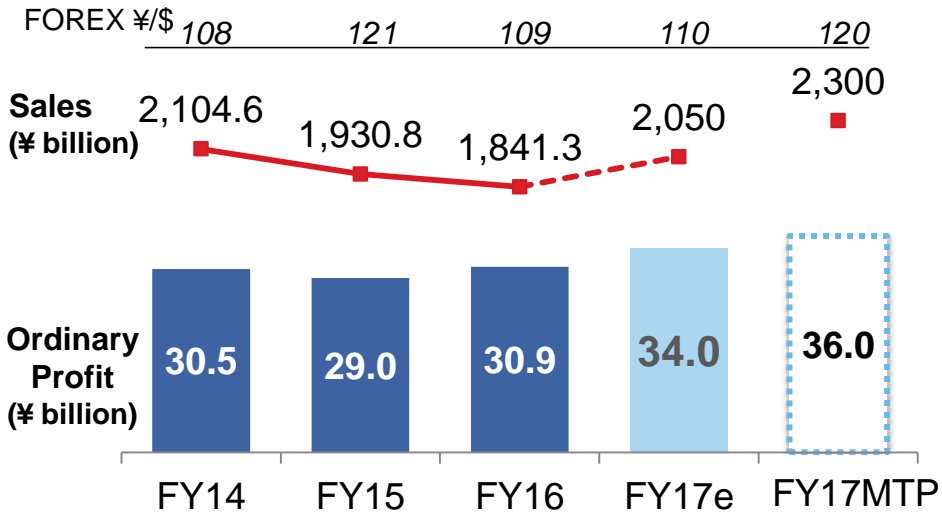
¥8.6 billion

## ● Enforcing Group Management System

Withdraw policy, communication system, monitoring system

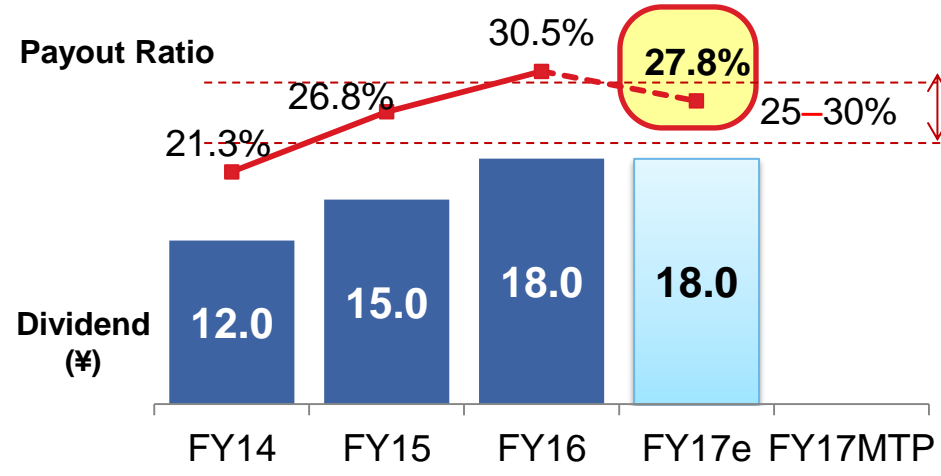
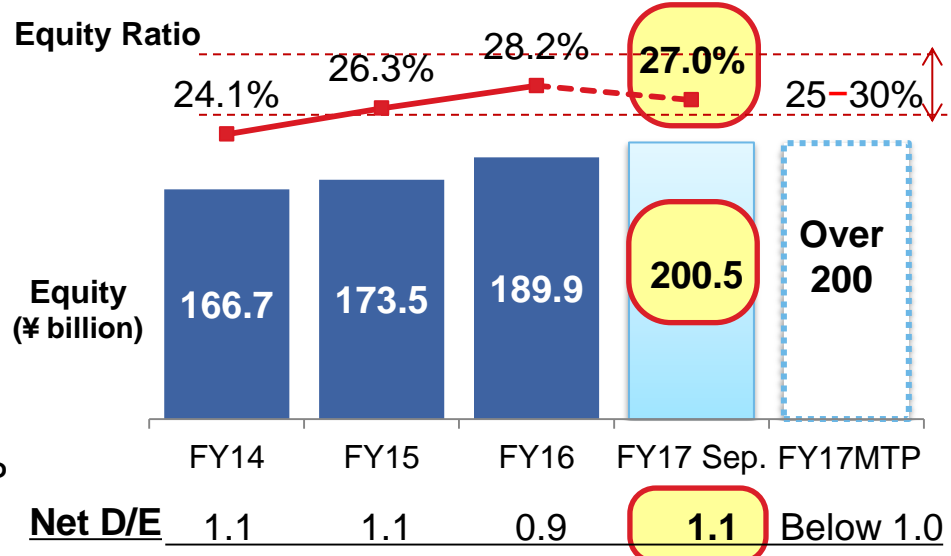
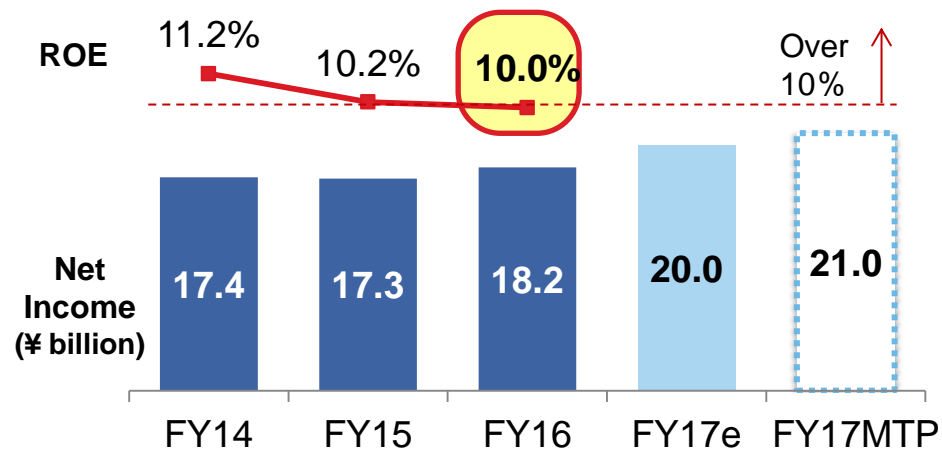
# Progress in Financial Targets

Achieved Target



Overseas Sales (¥ billion) 553.3 503.1 480.5 680.0

Year	Overseas Sales (¥ billion)
FY14	553.3
FY15	503.1
FY16	480.5
FY17MTP	680.0



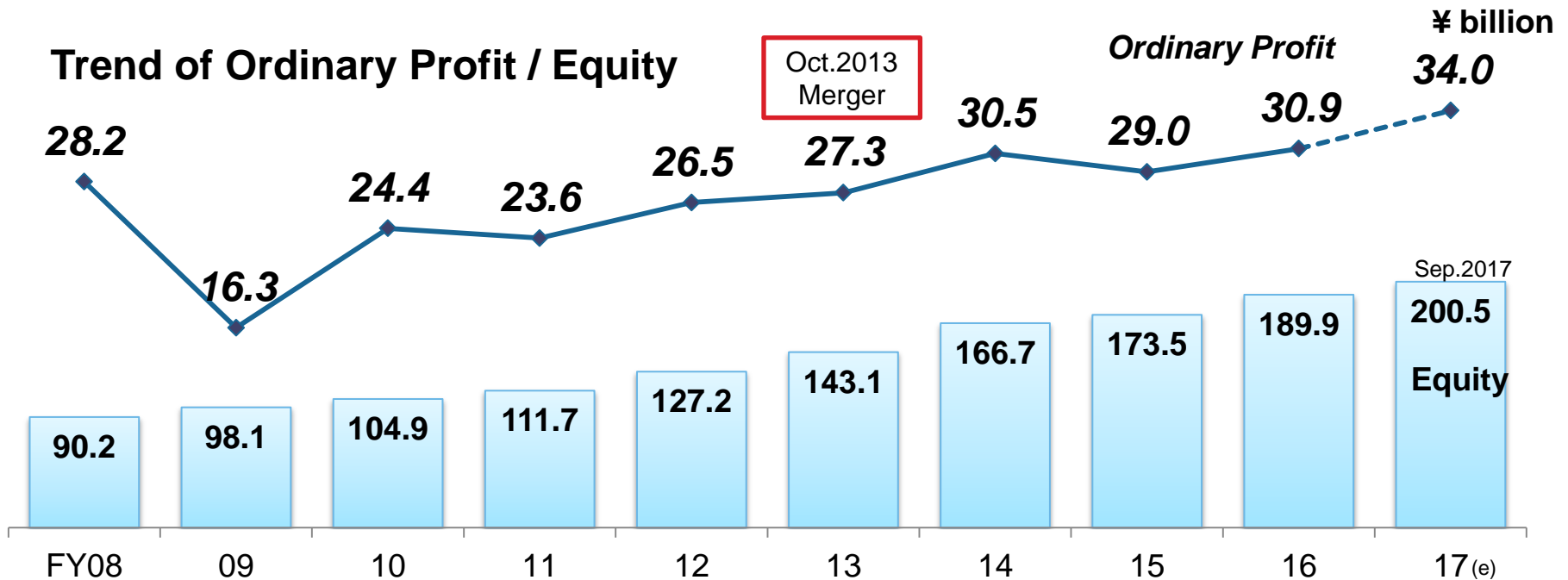
\* Based on after share consolidation

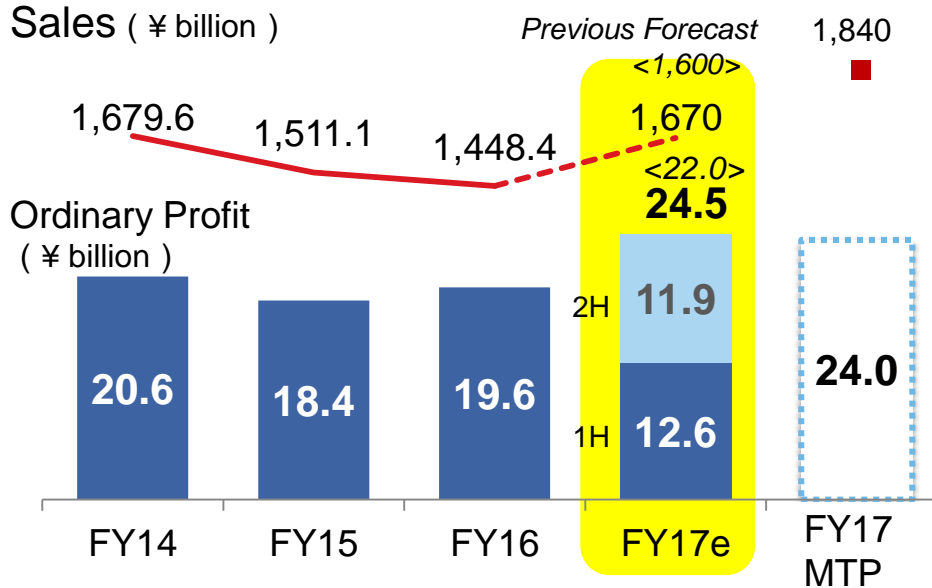


# Acquisition of Credit Rating

- NSSB acquired an Issuer Rating from Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR).

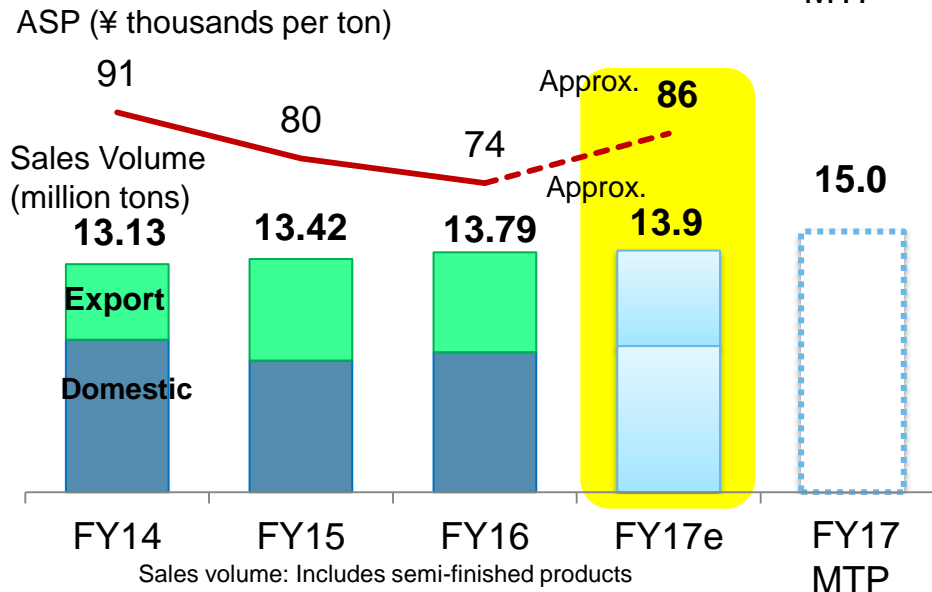
	Issuer Rating	Rating Outlook	CP
R&I	A	Stable	a-1
JCR	A	Stable	J-1





## 1H/FY17 Performance

- Steel demand was firm both in Japan and other Asian countries.
- OP improved by ¥4.5 billion because of sales prices hike and improvement in group companies.



## 2H/FY17 Forecast

### Business Environment

- Demand remains strong & stable.
- Supply remains tight.

### Major Initiatives

- ✓ Efforts to increase sales
- ✓ Strengthen response to new demands
- ✓ Optimization of processing
- ✓ Capturing construction work demand
- ✓ Preparation for business transfer from Mitsui

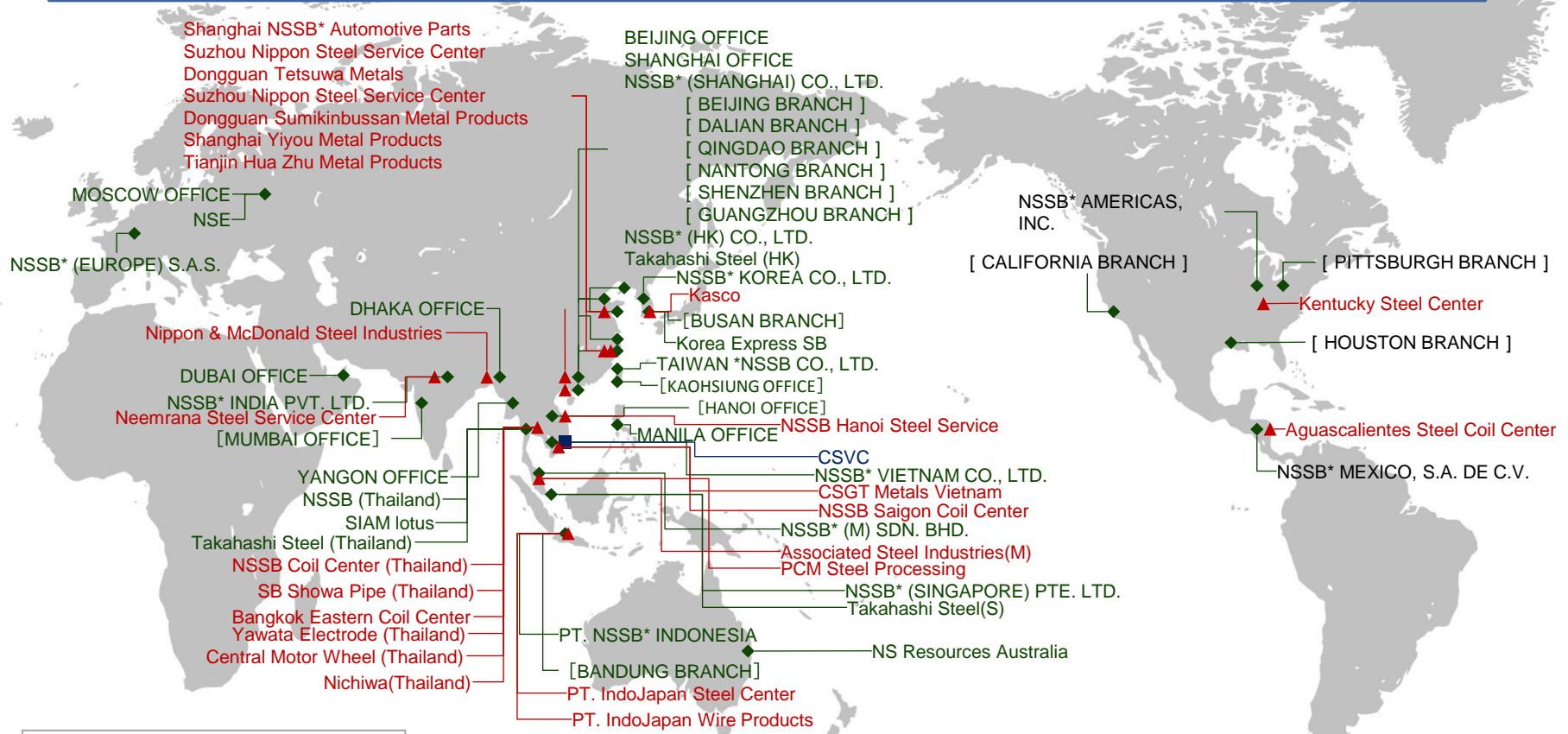
# Global Network of Steel Div.

(As of Sep. 2017)  
 18 countries / regions    69 offices / affiliates



## Total Sales of Overseas Subsidiaries

1H/FY16                      1H/FY17  
 ¥72.5 billion → ¥106.4 billion



- ▲ Processing
- Manufacture
- ◆ Distributor

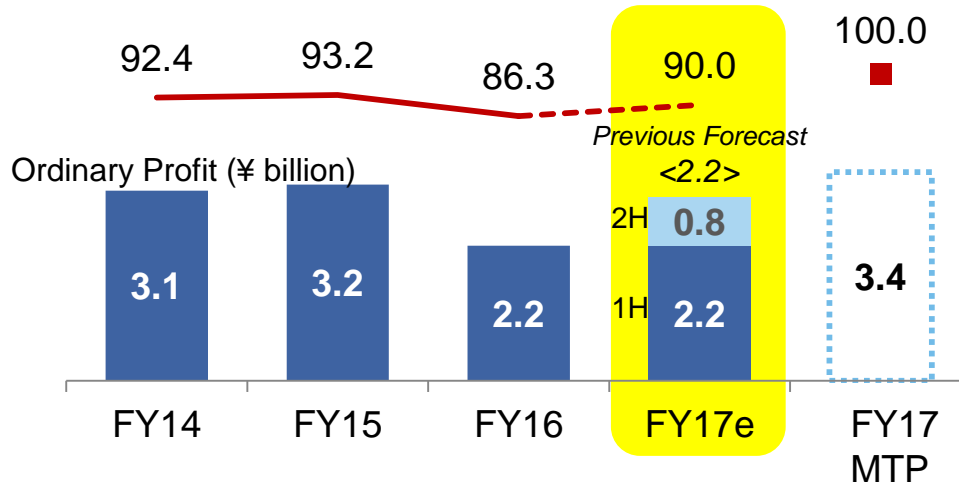
\* "NSSB": NIPPON STEEL & SUMIKIN BUSSAN

**< CF. > Global Networks of Mitsui**  
 ( As of Mar. 2017 )  
 65 countries / regions    138 offices / affiliates

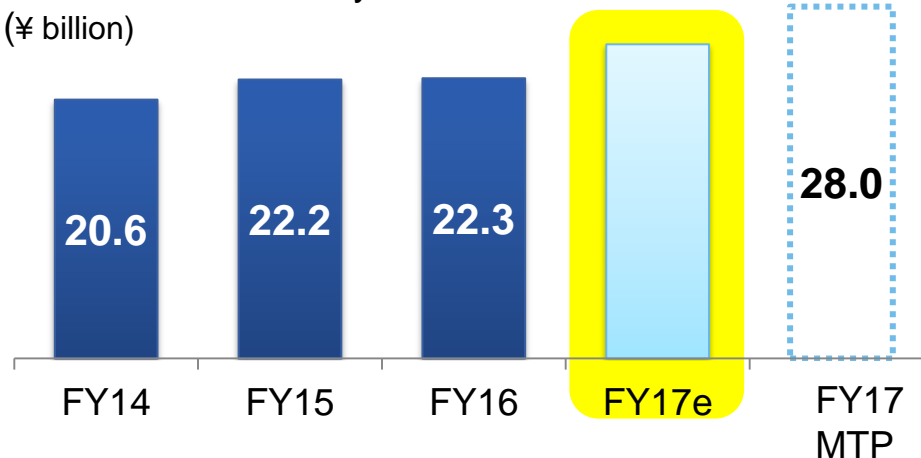
# Industrial Supply & Infrastructure Business

Sales: → Profit: →

Sales (¥ billion)



Sales of headrest stays (¥ billion)



## 1H/FY17 Performance

- Sales increased due to non-ferrous market rise
- OP improved by ¥0.9 billion due to temporary profit from the equity methods company in Thailand.

## 2H/FY17 Forecast

### Major Initiatives

- **High-performance Materials Business**
  - ✓ Capturing growth demand
  - ✓ Responding to multimaterialization [Steel – Aluminum – Resin – Carbon Fiber]
- **Crankshaft Business**
  - ✓ Capturing automobile production increase
- **Railway-Parts Business**
  - ✓ Acquiring parts replacement demand
- **Machinery Business**
  - ✓ Expansion of labor-saving type of kitchen machinery
- **Headrest Parts Business**
  - ✓ Capturing automobile production increase
- **Industrial Park Business**
  - ✓ Development of the industrial park business in Mexico

# Expansion of Casting Parts Factory in Mexico



- Kitagawa Mexico (25% owned by NSSB), which manufactures cast-iron automobile parts, etc. , in Mexico, has established a casting factory expansion and a new line as a response to growing demand
- Mass production will be started in FY 2018
- Production capacity doubled from 700 to 1,400 tons / year
- We will capture the growing demand for auto parts in North America



## KITAGAWA MEXICO,S.A.de C.V.

Location: Aguascalientes,AGS., Mexico

Founded in: Feb. 2012

Shareholders: KITAGAWA IRON WORKS 75%,  
NSSB 25%

Business: Automobile parts casting &  
processing



Source: KITAGAWA IRON WORKS

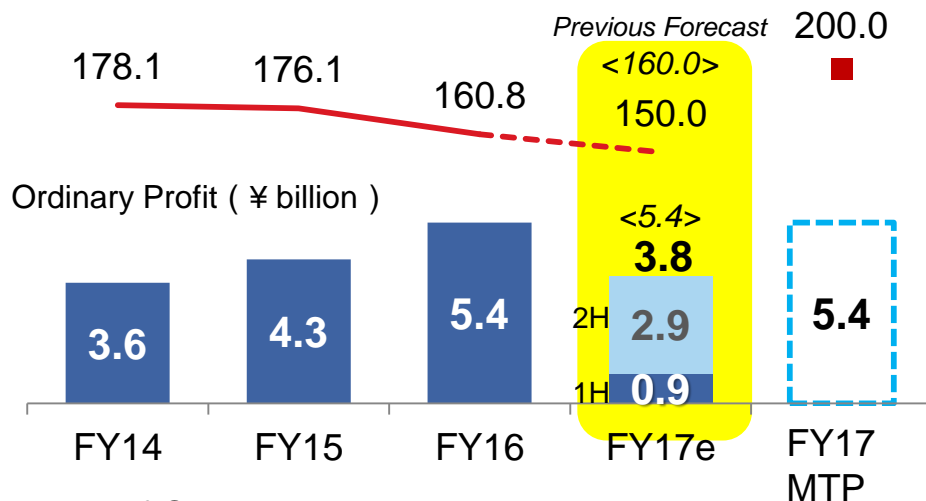
# Textiles Business

FY17 (YoY)

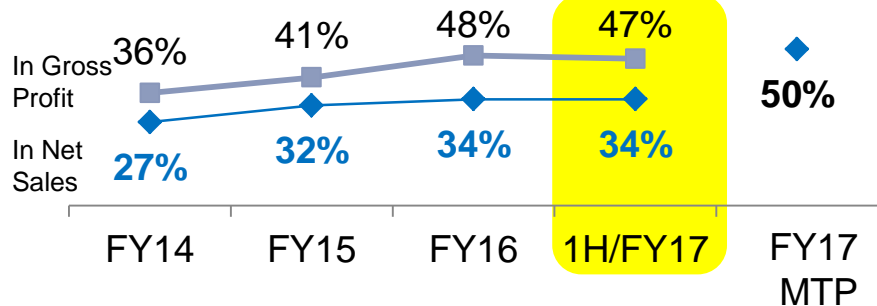
Sales: ↘ Profit: ↘



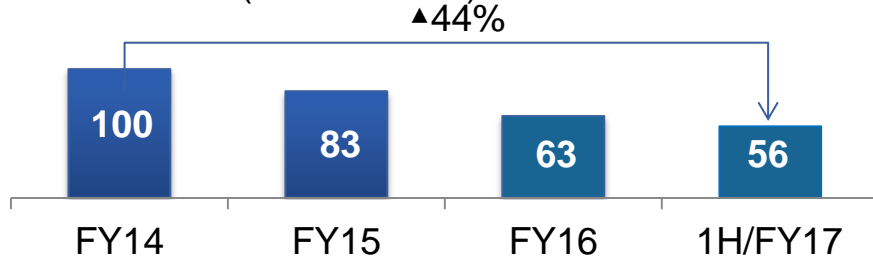
Sales (¥ billion)



Ratio of ODM Business



Ratio of "Loss" (FY14 = 100)



## 1H/FY17 Performance

- Severe business environment continued in apparel customers.
- OP decreased by ¥1.4 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.

## 2H/FY17 Forecast

### Business Environment

- ✓ Apparel customers` cost-cutting trend, such as smaller lots or shorter delivery times
- ✓ Lack of production capacity in China caused by labor shortage and strengthening environmental regulations

Increased costs resulting from worsened production efficiency hit our profitability

### Major Initiatives

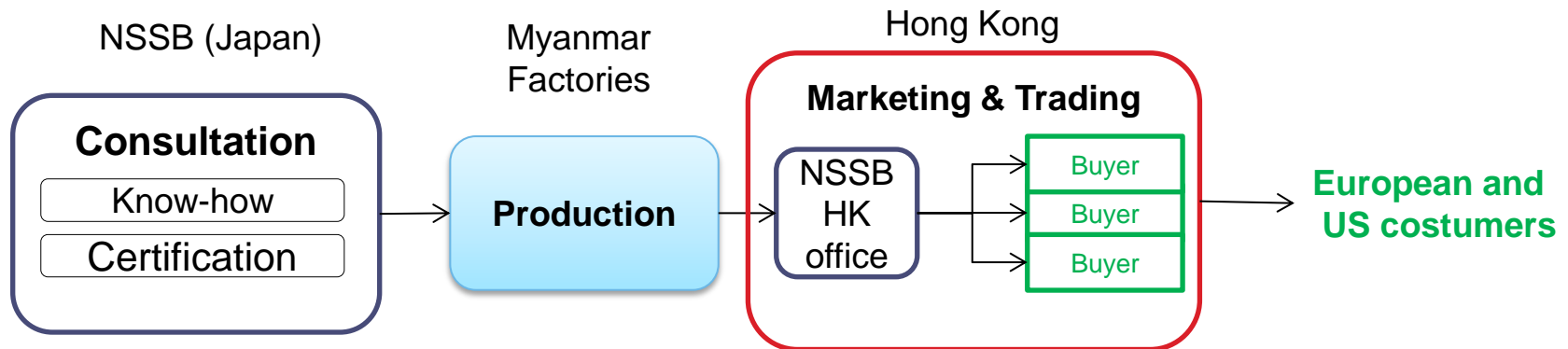
- Strengthen OEM/ODM production management and cost reduction
- Reorganization of our customer portfolios
- Considering measures to correspond to structural changes from the mid-term viewpoint

# Investment to Denim Production



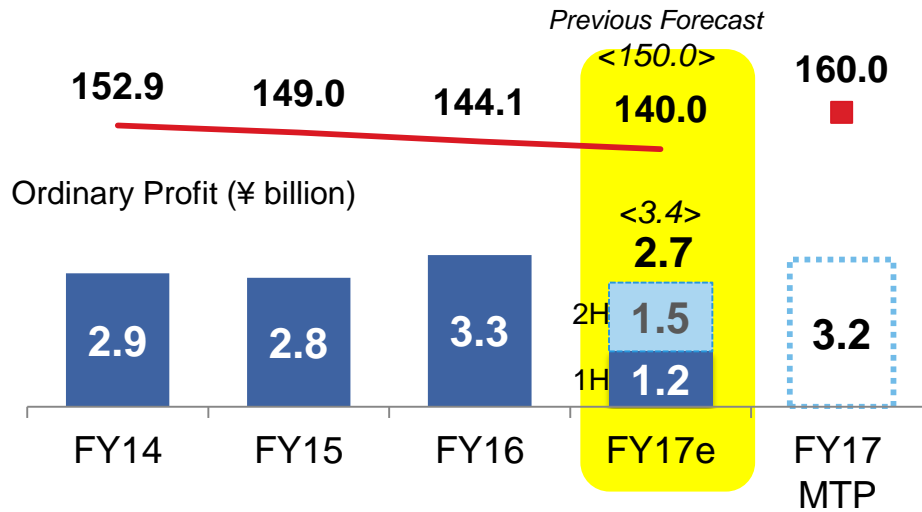
## Expanding sales in overseas markets

- To support expanded production capacity in Ree Blue Myanmar denim sewing factories, NSSB decided to make an equity investment and loan the equipment free of charge.
- We aim to expand sales to leading Western denim brands in the US and Europe.

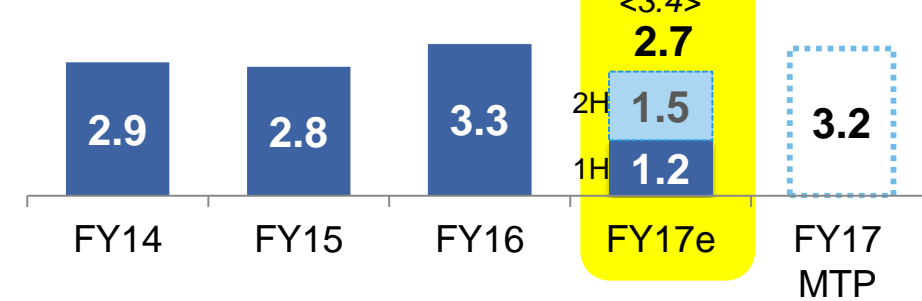




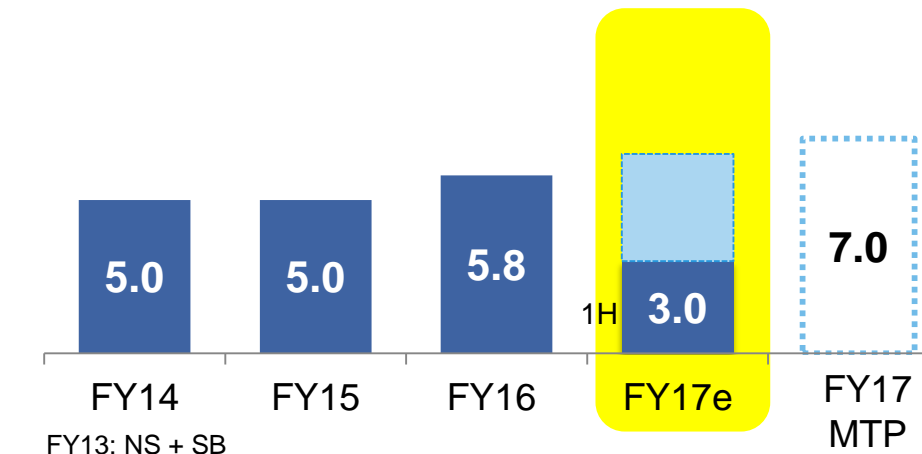
Sales (¥ billion)



Ordinary Profit (¥ billion)



Overseas Sales (¥ billion)



FY13: NS + SB

## 1H/FY17 Performance

- Prices of imported meat in Japan remained steady overall
- OP decreased by ¥0.5 billion because of lower profit margins in broilers by hikes in buying costs

## 2H/FY17 Forecast

### Business Environment & Major Initiatives

✓ Japan to trigger safeguard tariffs on US frozen beef.  
[Tariffs rise to 50% from 38.5%]

→ Increased sales of US chilled beef, Australian beef and pork.

✓ Growth of Home Meal Replacement (HMR) market

→ Food development for the HMR market



# Expansion of *Wagyu* Export Business



- Taiwan reopened its market to *Wagyu* on Sep. 18, after 16 years long years.
- NSSB became the first *Wagyu* exporter to the re-opening Taiwanese market.  
“Miyazaki *Wagyu*” → NSSB → The Kanpai Group [Taiwan]



## ● In addition to “Miyazaki *Wagyu*,” NSSB began export of “Omi *Wagyu*” from November

- **Miyazaki *Wagyu*** represents the top grade of *wagyu* from Miyazaki Prefecture in Kyushu. It is known for its strict quality standards, and has an established reputation for being one of the best varieties of beef in Japan.
- **Omi *Wagyu*** is Japanese beef originating in Shiga Prefecture. “Omi” refers to Omi Province, the predecessor of Shiga. Omi *Wagyu* is generally considered one of the three top brands of Japanese beef.



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# 4. Appendix

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# 1<sup>st</sup> Half / FY2017 Results

¥ billion	FY14	FY15			FY16	FY17 1H
			1H	2H		
<b>Sales</b>	2,104.6	1,930.8	862.6	978.7	1,841.3	991.1
<i>(per sales)</i> <b>Overseas Sales</b>	(26.3%) 553.3	(26.1%) 503.0	(25.6%) 220.4	(26.6%) 260.0	(26.1%) 480.5	(26.9%) 266.8
<i>(per sales)</i> <b>Gross Profit</b>	(6.0%) 127.2	(6.8%) 131.8	(7.1%) 60.8	(6.9%) 67.2	(7.0%) 128.1	(6.4%) 63.6
<b>Operating Profit</b>	28.6	27.8	13.5	17.2	30.8	14.7
Equity Method Income	0.9	2.3	0.6	0.5	1.2	2.0
<b>Ordinary Profit</b>	30.5	29.0	13.6	17.3	30.9	17.1
<b>Extraordinary Profit (Loss)</b>	(1.8)	(1.9)	(0.2)	(1.7)	(2.0)	(0.2)
<b>Net Income</b>	17.4	17.3	8.7	9.4	18.2	11.3
<b>ROE</b>	11.2%	10.2%			10.0%	
<b>EPS (¥)</b>	563.89	560.55	284.23	305.73	589.96	365.97
<b>Dividend (¥)</b>	120	150	75	105	180	90

\*NSSB carried out a share consolidation at a ratio of 10 shares to 1 share effective Oct. 1, 2016. In accordance with this, EPS is calculated based on the assumption that the share consolidation had been carried out at the beginning of FY2014.

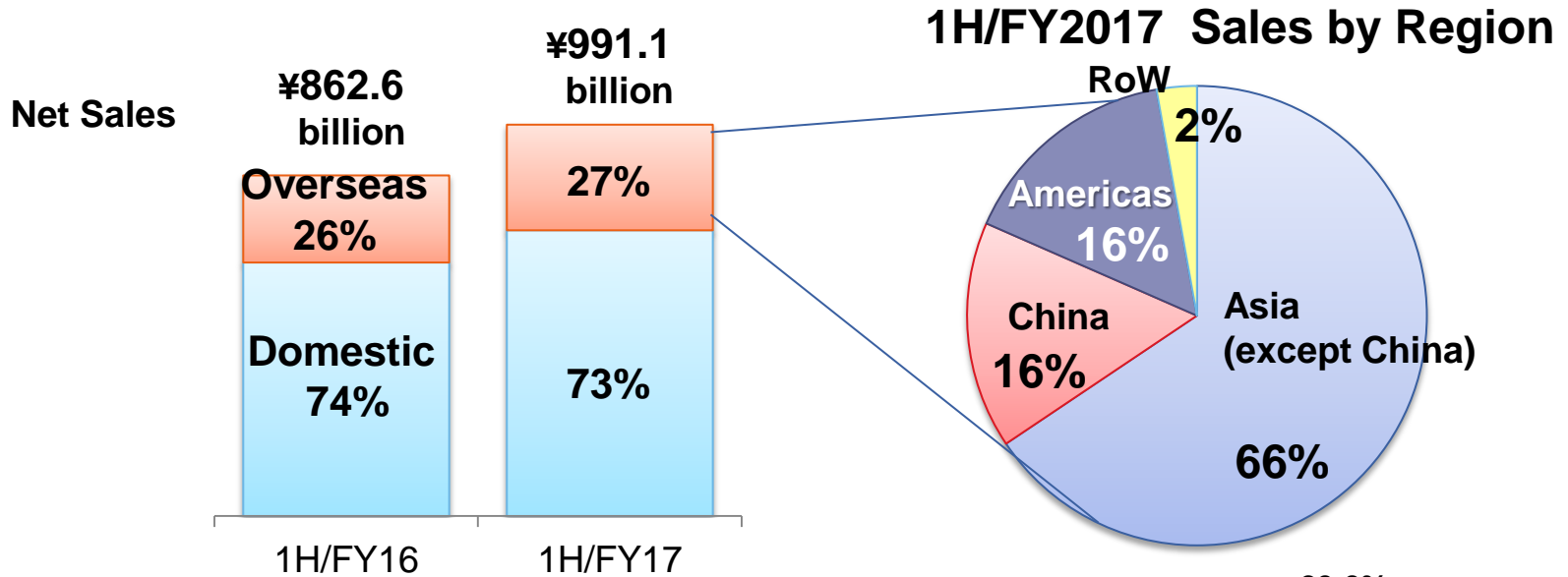
# Extraordinary Profit (Loss)

¥ billion		1H/FY16	1H/FY17	Change
	Gain on Sales of Non-current Assets	0.11	-	-0.11
	Gain on Sales of Investment Securities	0.08	0.11	0.03
	<b>Total Extraordinary Profit</b>	0.19	0.11	-0.08
	Impairment Loss	0.06	0.00	0.06
	Loss on Sales of Investment Securities	0.06	-	0.06
	Loss on Valuation of Investment Securities	0.09	0.40	-0.31
	Loss on Liquidation of Subsidiaries and Associates	0.04	-	0.04
	Loss on Liquidation of Subsidiaries and Associates	0.22	-	0.22
	Loss on change in equity	0.00	-	0.00
	<b>Total Extraordinary Loss</b>	0.48	0.40	0.07
	<b>Net Extraordinary Profit (Loss)</b>	(0.29)	(0.29)	-0.00

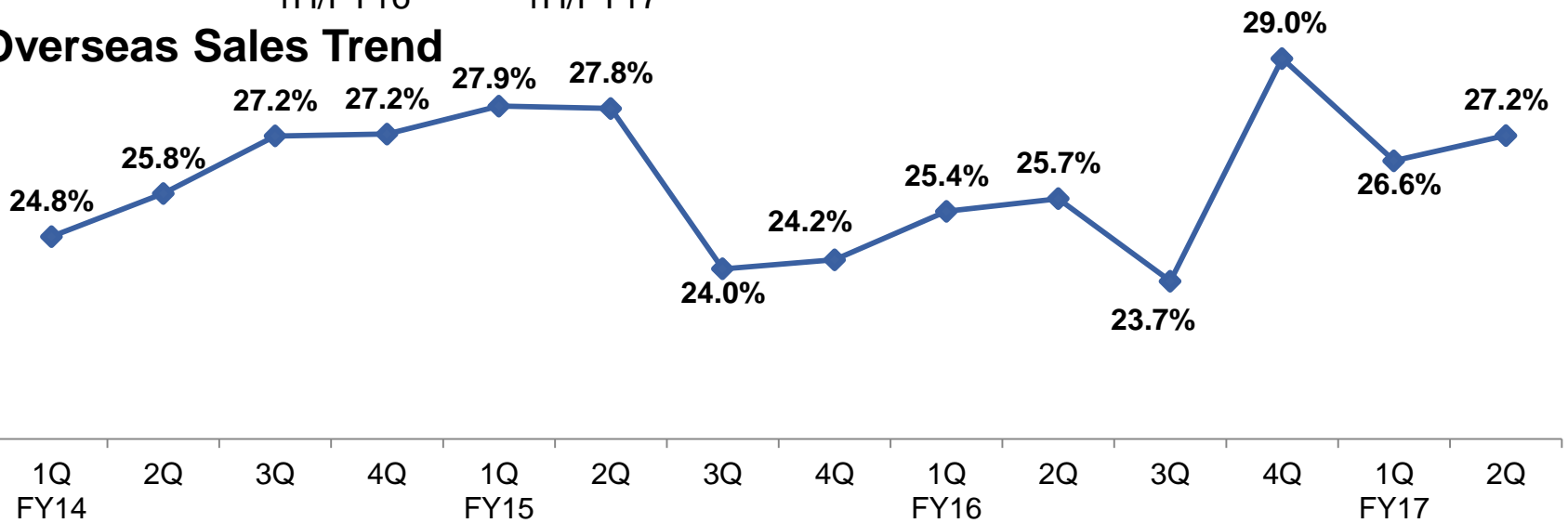
# Sales and Ordinary Profit by Quarter

¥ billion	FY2014		FY2015				FY2016				FY2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Steel</b>	428.6	428.6	385.3	397.3	365.4	362.9	323.0	347.2	358.1	419.9	389.6	<b>413.8</b>
<b>I &amp; I</b>	25.9	23.6	23.5	25.9	20.5	23.2	21.4	20.2	19.5	25.1	22.1	<b>22.2</b>
<b>Textiles</b>	45.4	48.4	39.0	42.9	46.7	47.3	37.3	39.4	40.4	43.5	36.1	<b>36.6</b>
<b>Foodstuffs</b>	41.3	34.3	37.8	38.6	38.0	34.4	36.3	36.5	35.9	35.3	34.6	<b>35.0</b>
<b>Others</b>	0.2	0.3	0.3	0.6	0.0	0.3	0.3	0.5	0.3	0.2	0.4	<b>0.4</b>
<b>Sales</b>	<b>541.5</b>	<b>535.3</b>	<b>486.0</b>	<b>505.6</b>	<b>470.8</b>	<b>468.2</b>	<b>418.5</b>	<b>444.1</b>	<b>454.6</b>	<b>524.2</b>	<b>483.0</b>	<b>508.1</b>
<b>Steel</b>	5.4	5.7	5.4	4.4	3.8	4.6	3.8	4.2	5.2	6.3	6.3	<b>6.3</b>
<b>I &amp; I</b>	1.1	1.1	1.9	0.7	0.4	0.1	0.7	0.4	0.4	0.5	1.4	<b>0.7</b>
<b>Textiles</b>	0.3	2.0	0.7	0.5	1.0	1.9	1.6	0.8	1.1	1.8	0.9	<b>0.0</b>
<b>Foodstuffs</b>	0.8	0.4	0.7	0.6	0.8	0.6	0.9	0.7	0.7	0.8	0.7	<b>0.4</b>
<b>Others</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	<b>0.0</b>
<b>Ordinary Profit</b>	<b>7.7</b>	<b>9.4</b>	<b>8.8</b>	<b>6.5</b>	<b>6.2</b>	<b>7.4</b>	<b>7.2</b>	<b>6.3</b>	<b>7.7</b>	<b>9.5</b>	<b>9.5</b>	<b>7.5</b>

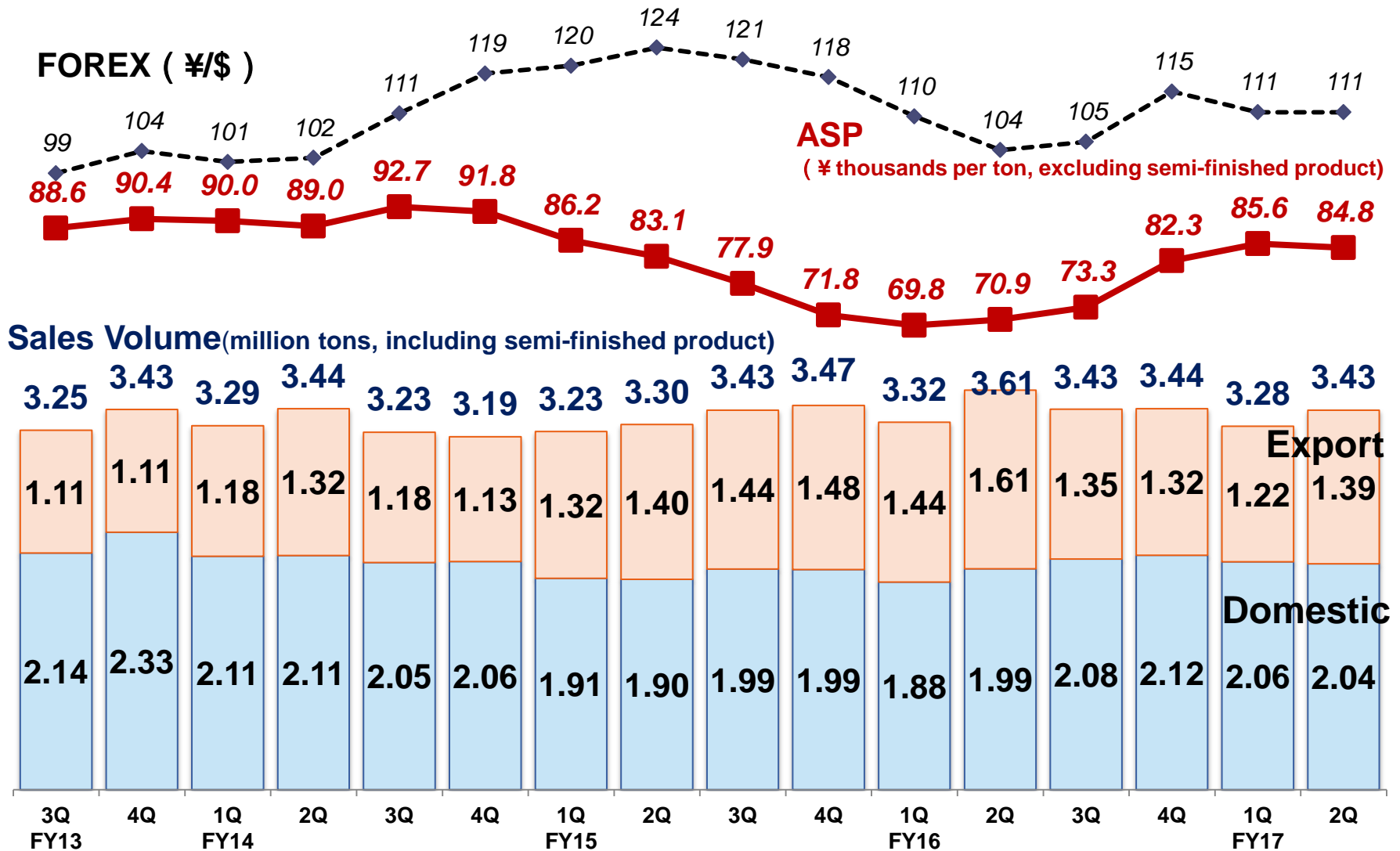
# Overseas Sales



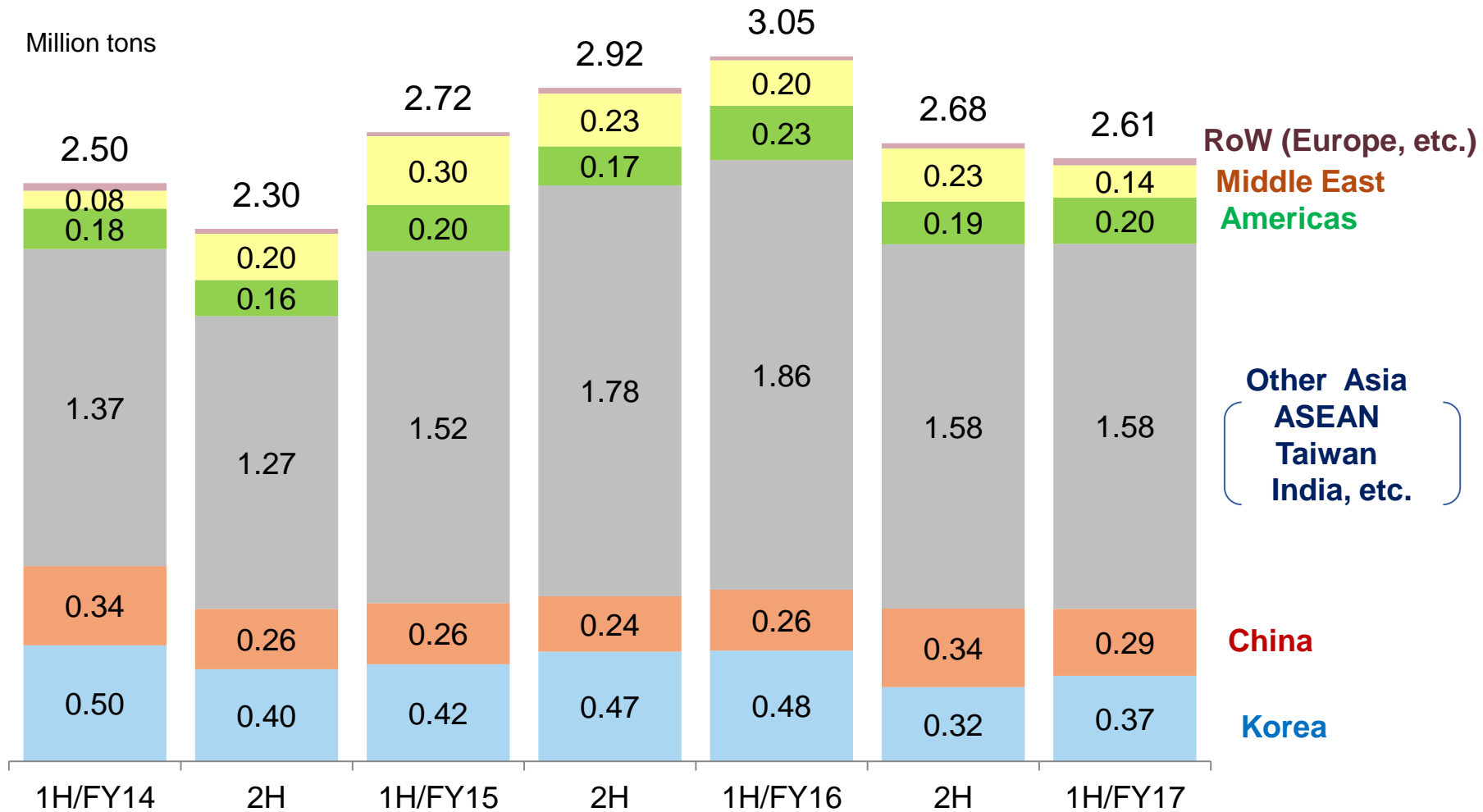
## Overseas Sales Trend



# Sales Volume and ASP of Steel by Quarter

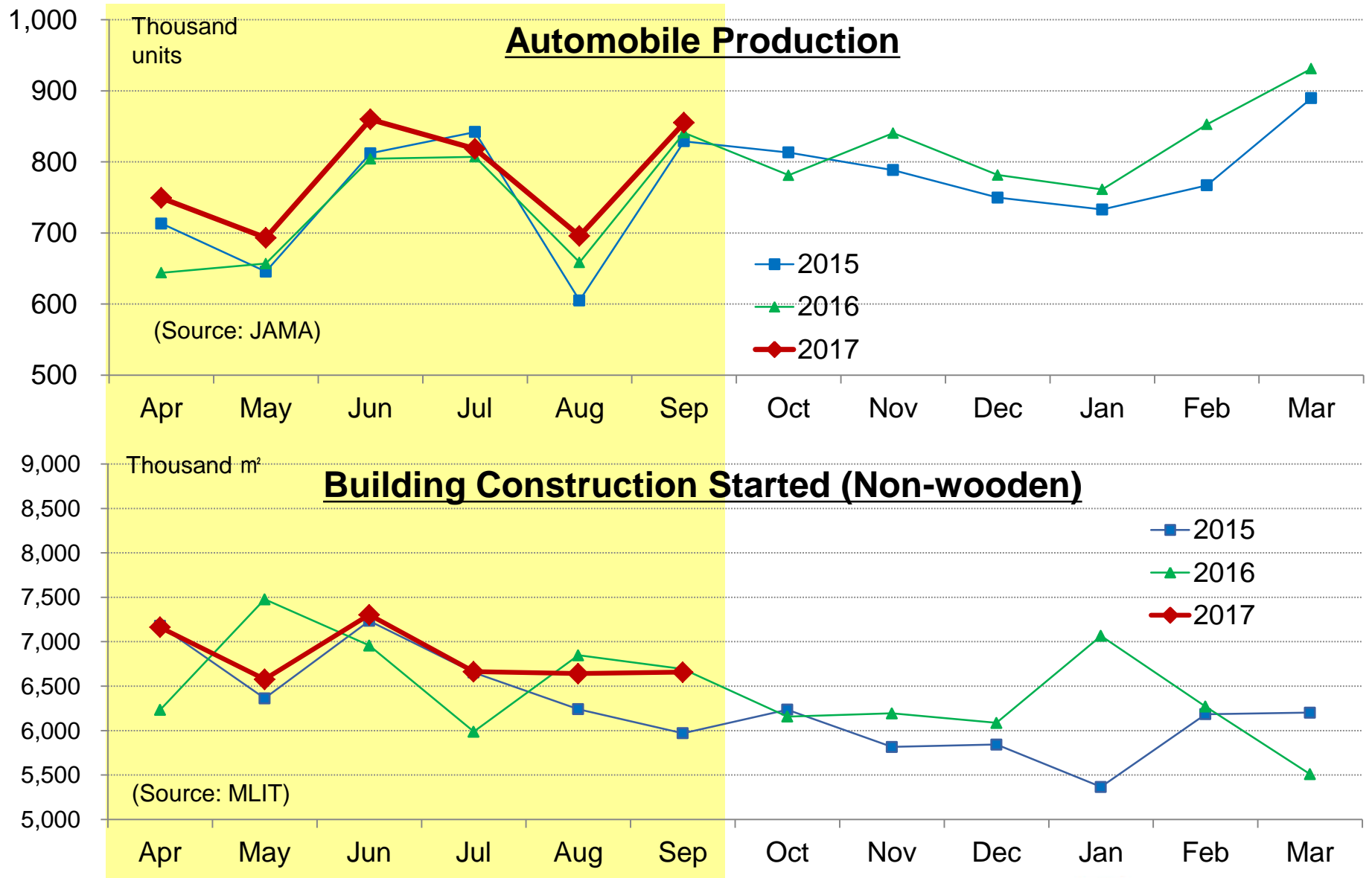


# Steel Products Export Volume by Region

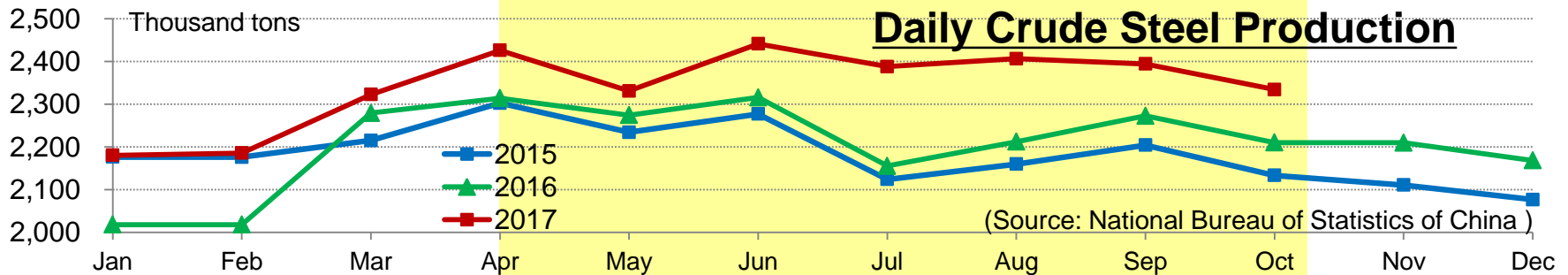
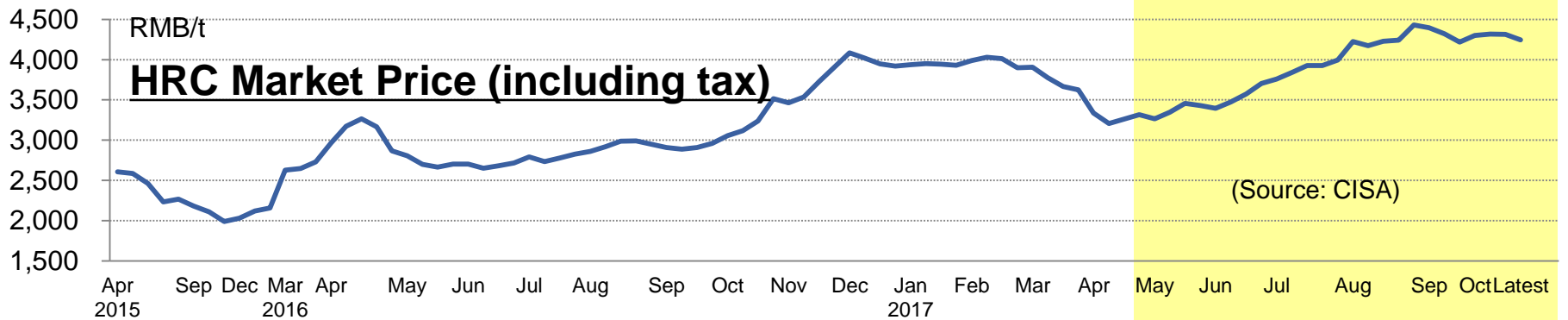
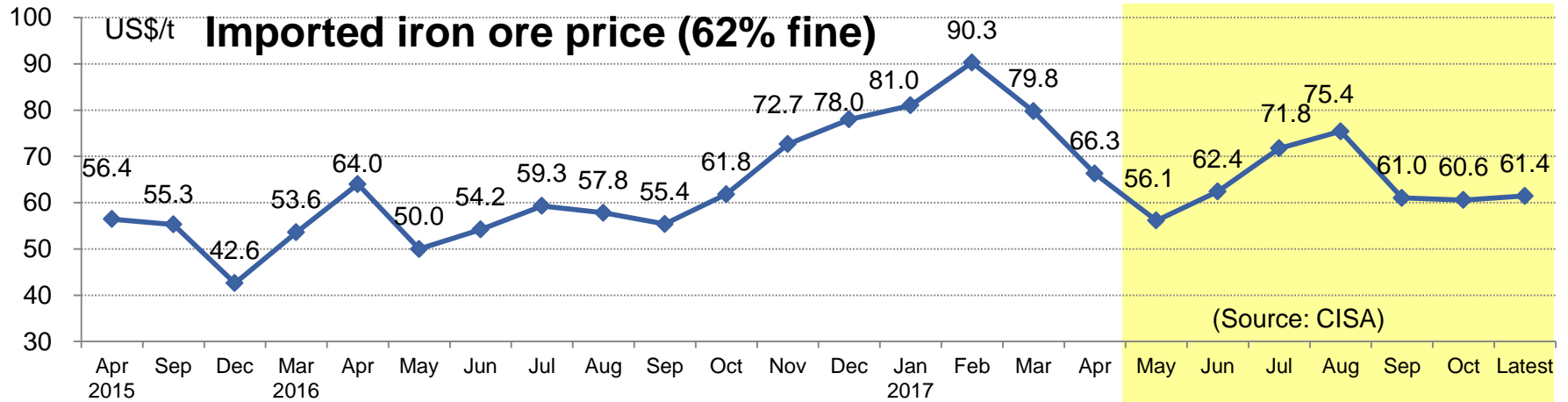




# Domestic Demand Trend for Steel



# Steel Market in China

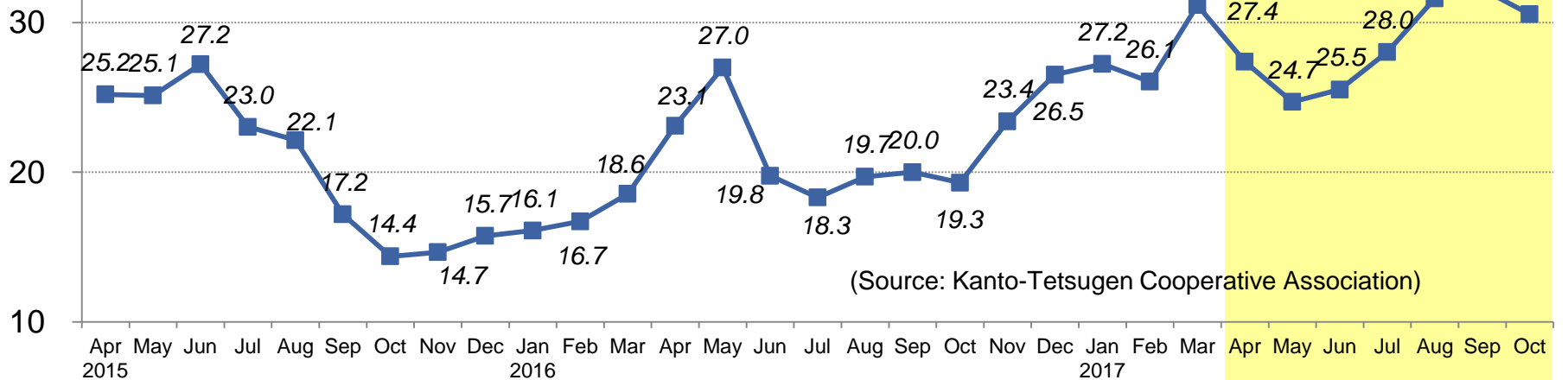


# Steel Market in Japan



¥ thousands per ton

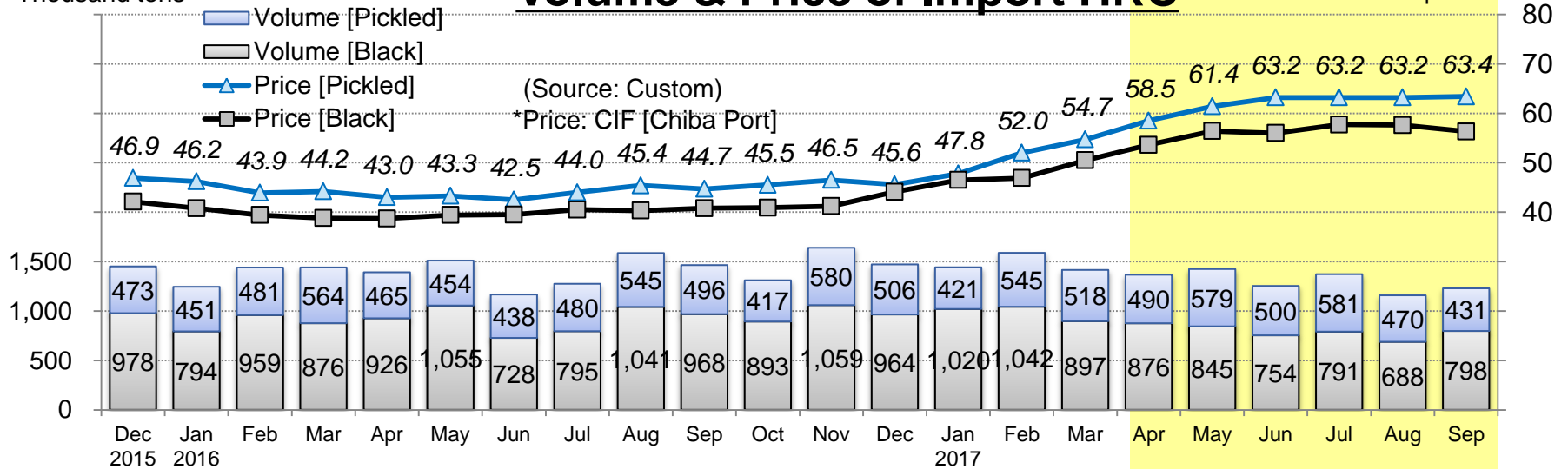
## Bid Prices of Export Scrap Steel



Thousand tons

## Volume & Price of Import HRC

¥ thousands per ton



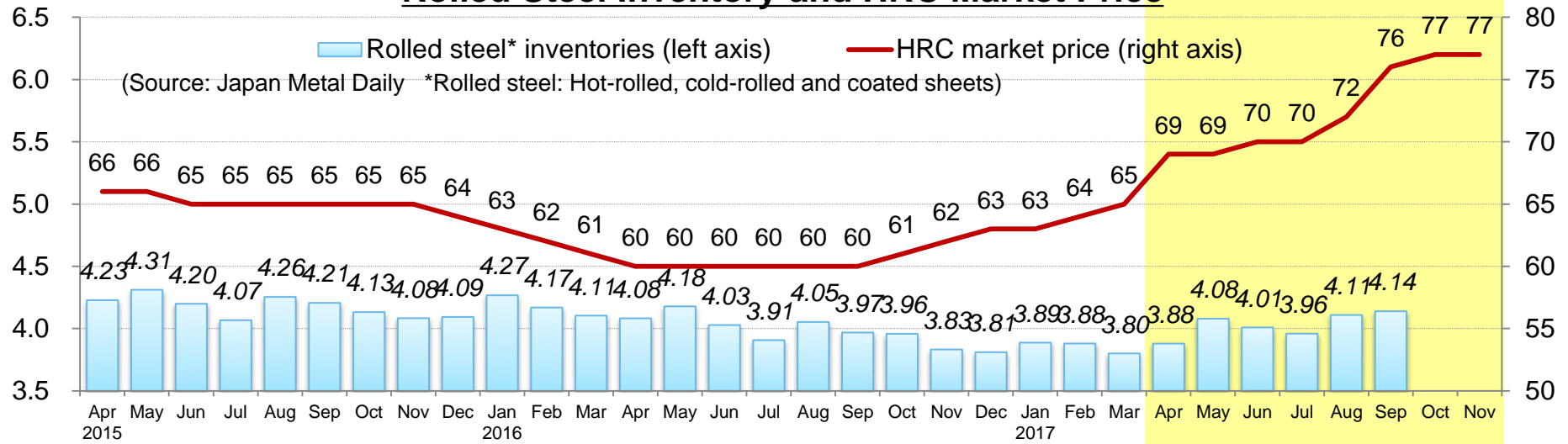
# Steel Market in Japan



(Million tons)

## Rolled Steel Inventory and HRC Market Price

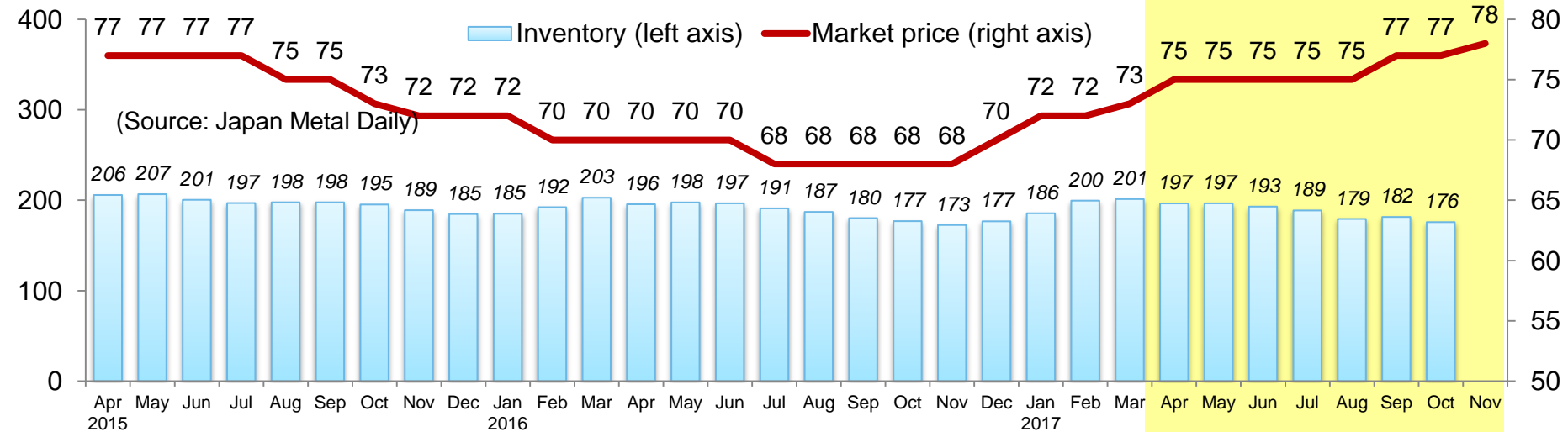
( ¥ thousands per ton)



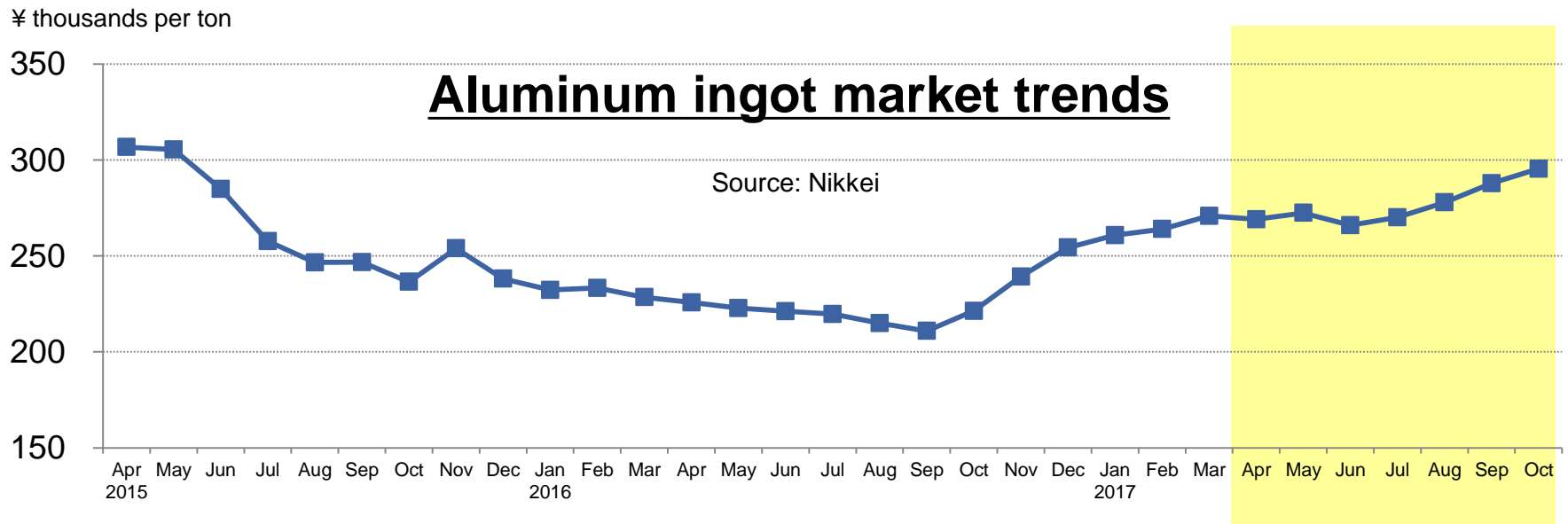
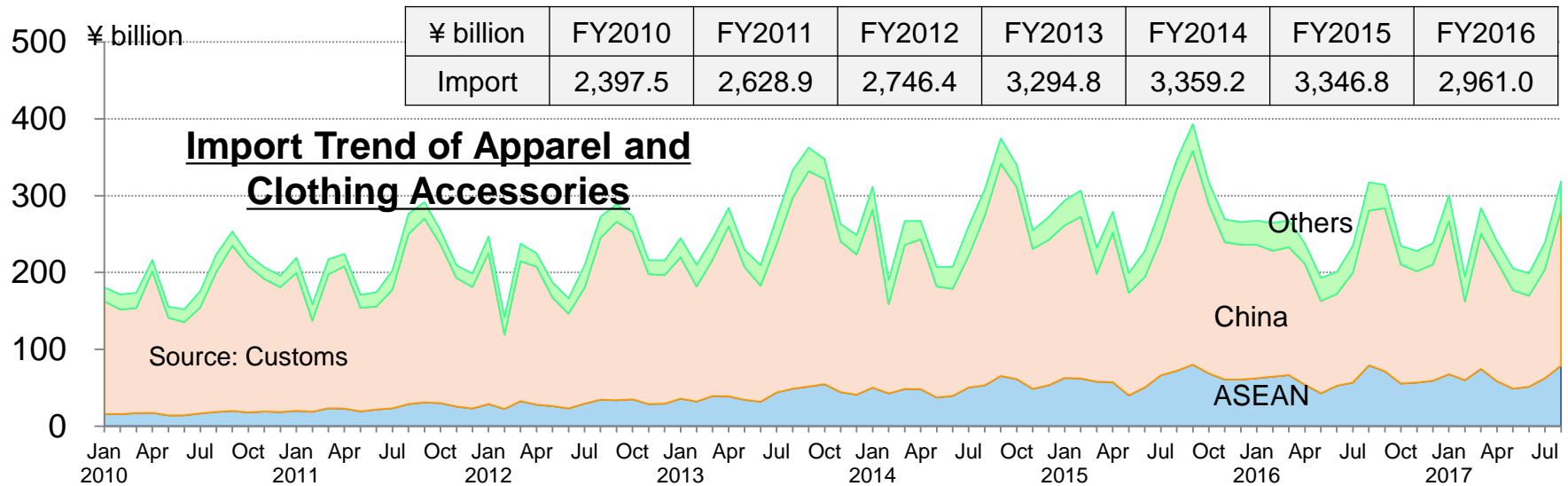
(Thousand tons)

## H-beam Inventory and Market Price

( ¥ thousands per ton)



# Indicators Related Textiles and I&I Business



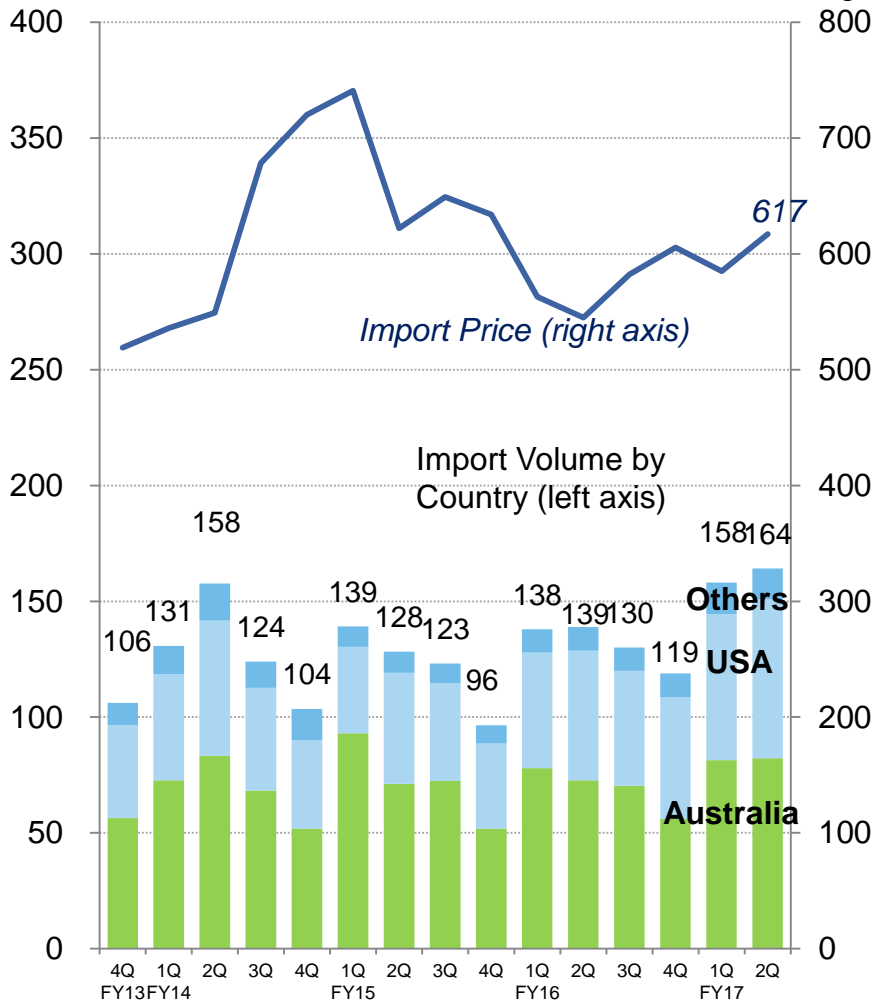
# Import Price and Volume Trend of Meats (1)



## Beef



(Thousand tons)

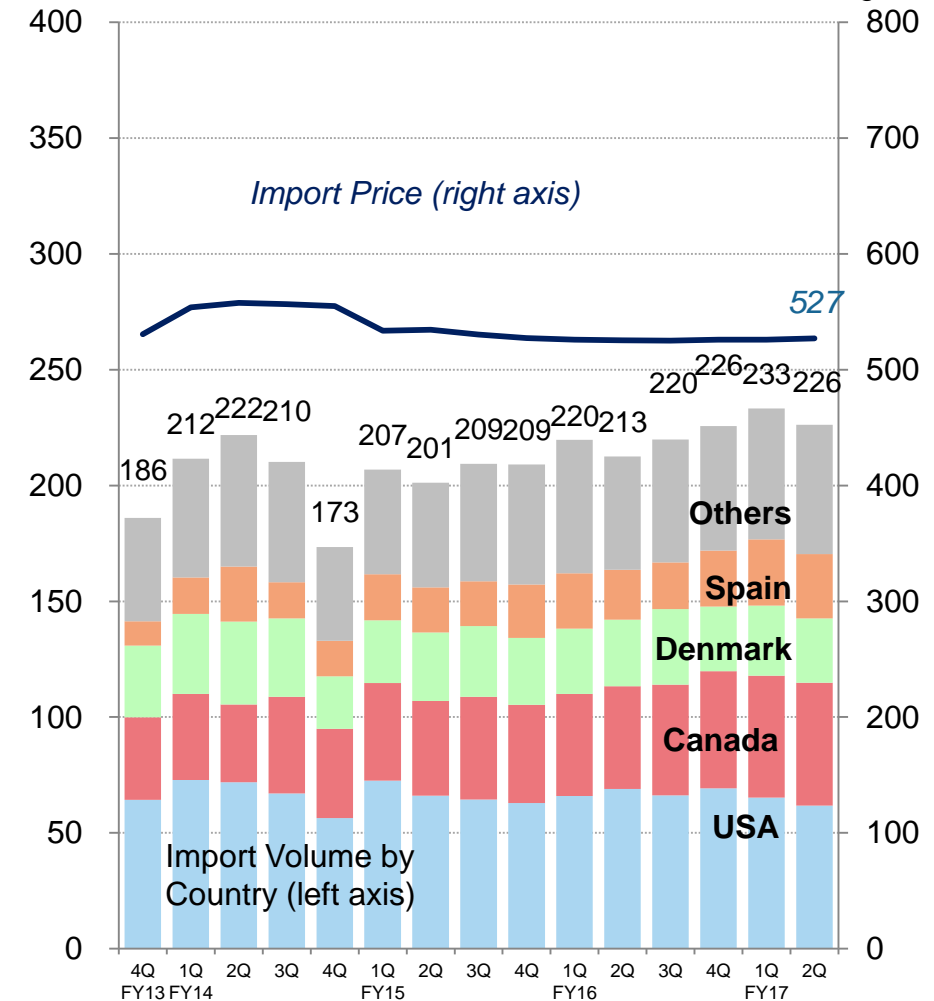


(Source: Custom)

## Pork



(Thousand tons)



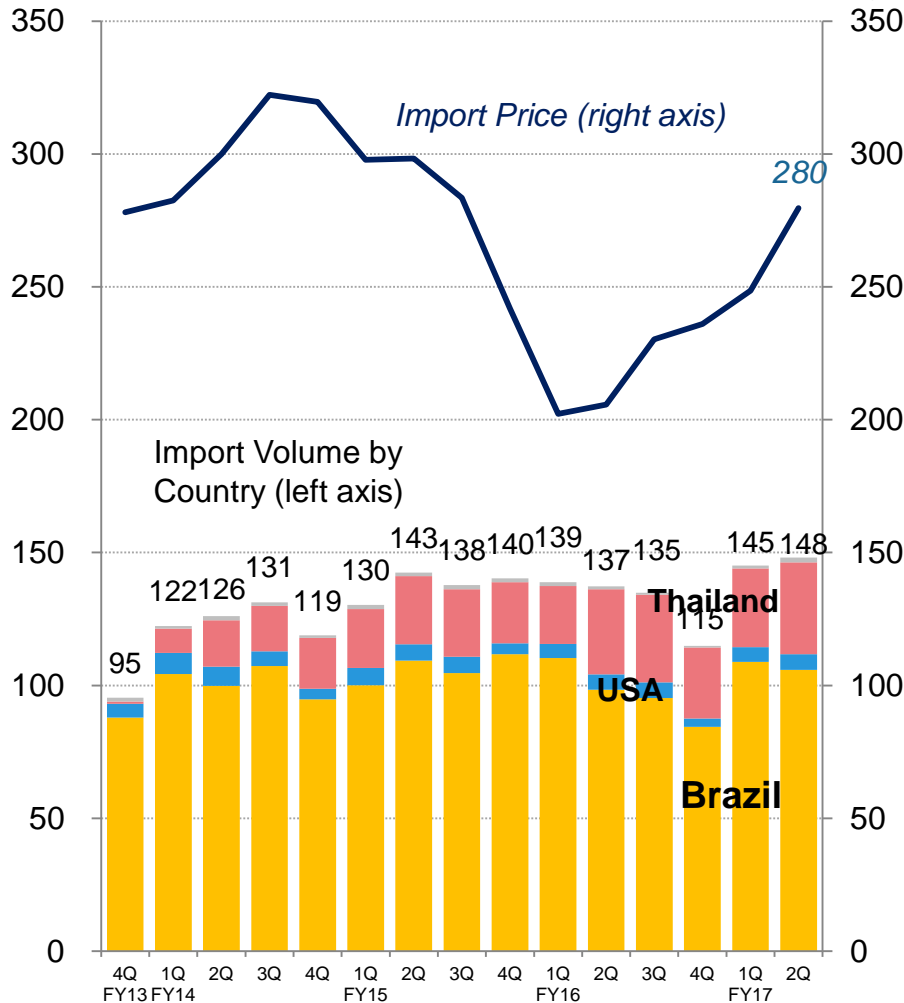
(Source: Custom)

# Import Price and Volume Trend of Meats (2)



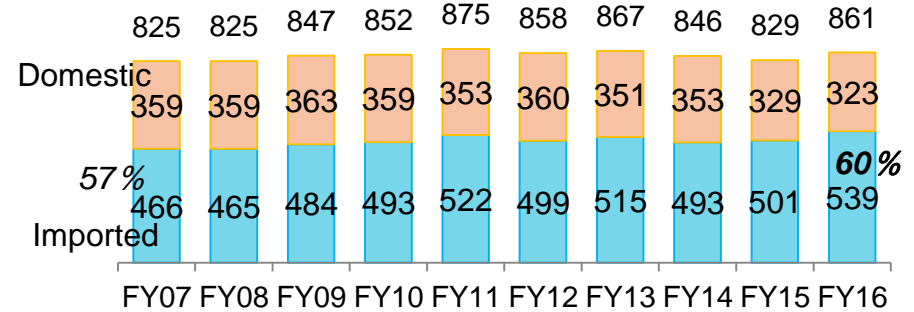
## Broilers

(Thousand tons)

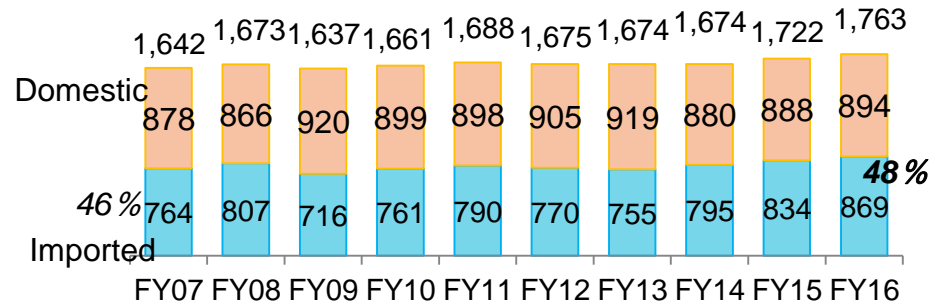


(Source: Custom)

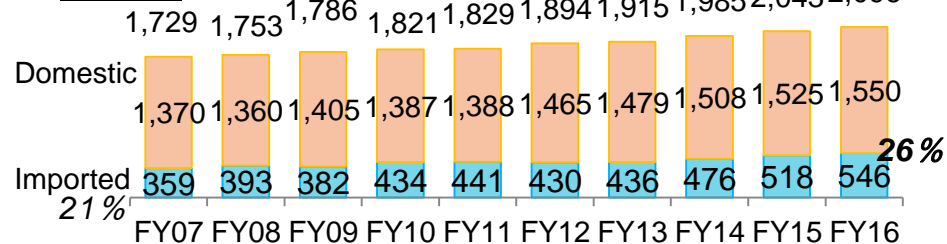
## Estimated Marketing Quantity of Beef (Thousand tons)



## Estimated Marketing Quantity of Pork (Thousand tons)



## Estimated Marketing Quantity of Broilers (Thousand tons)



(Source: Agriculture & Livestock Industries Corporation)

## Key measures

### Accelerating NSSB's Distinctiveness

*Steel*

Expanding Market Share with NSSMC

Developing Auto-parts Business and Industrial Parks

*I & I*

*Textiles*

Strengthening ODM and Solutions Businesses

Expanding "Out to Out" Business in Asian Market

*Foodstuffs*

Investment Target **¥45 billion (+25%)**

### Progressing NSSB's Competitiveness

Pursue customer safety, reliability and quality

Improve productivity and operational efficiency

Integrate Management System

Utilize Merger Synergies

## P/L Targets

	FY17 target	(vs. FY14)
Net Sales	<b>¥2,300 billion</b>	(+9%)
Overseas Sales	<b>¥680 billion</b>	(+23%)
Ordinary Profit	<b>¥36 billion</b>	(+18%)
Net Profit	<b>¥36 billion</b>	(+18%)

## Financial Goals

ROE	over <b>10%</b>
Equity	over <b>¥200 billion</b>
Net DER	below <b>1.0</b> times
Payout Ratio	<b>25%–30%</b>



## 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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**NIPPON STEEL & SUMIKIN BUSSAN  
CORPORATION**