

# **Second Quarter FY2016 Earnings Summary and Progress of Mid-term Business Plan**

Nov. 21, 2016  
President Kenji Hiwatari



**NIPPON STEEL & SUMIKIN BUSSAN  
CORPORATION**

# Agenda

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- 1. FY2016 1H Results & Full Year Forecast**
- 2. Progress of Mid-term Business Plan 2017**
- 3. Appendix**

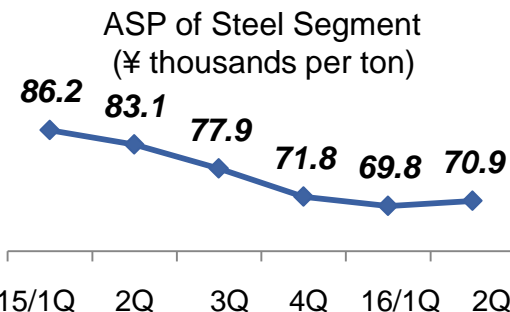
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# 1. FY2016 1H Results & Full Year Forecast

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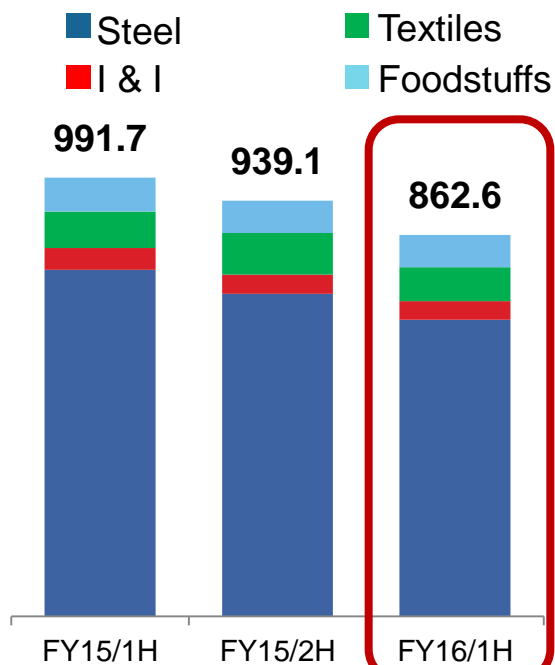
# Highlight: FY2016 1H Results

- Ordinary profit ¥13.6 billion (YoY -12%) caused by a significant decrease in sales of Steel segment and reflecting the absence of one-time factors in I & I segment.



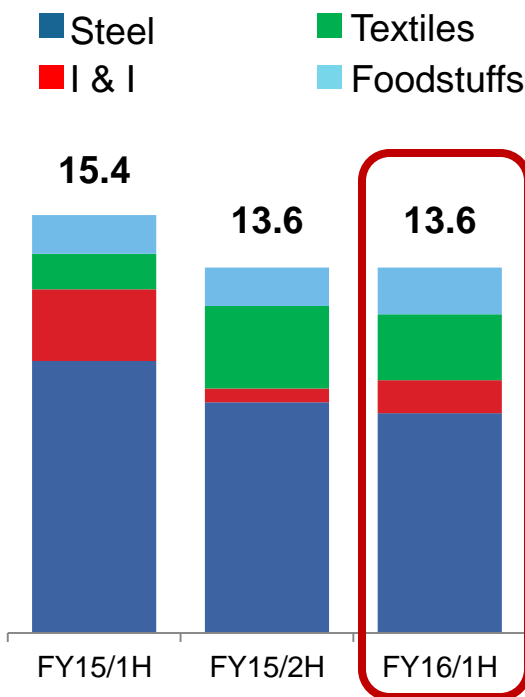
Sales

¥ billion



Ordinary Profit

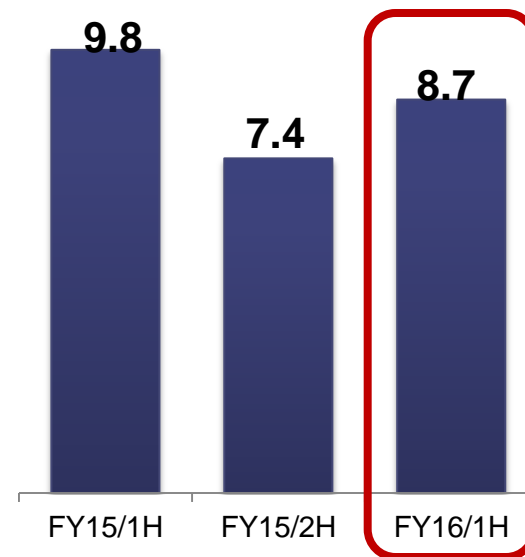
¥ billion



Net Income\*

¥ billion

\* Profit attribute to owners of parent



\* I & I: Industrial Supply & Infrastructure

# FY2016 1H Results

- Operating Profit ¥13.5 billion: relatively flat
- Net Income ¥8.7 billion: decreased ¥1.0 billion
- ROE 10.2% / Dividend ¥7.5

¥ billion	FY2015		FY2016		Change	
	1H	2H	<Previous Forecast> 1H		vs 15/1H	vs 15/2H
<b>Sales</b>	991.7	939.1	<920.0>	862.6	-129.0	-76.4
<b>(per sales) Gross Profit</b>	(6.7%) 66.0	(7.0%) 65.7		(7.1%) 60.8	-5.1	-4.8
<b>Operating Profit</b>	13.5	14.3	<12.5>	13.5	0.0	-0.7
<b>Equity Method Income</b>	1.9	0.3		0.6	-1.2	0.3
<b>Ordinary Profit</b>	15.4	13.6	<12.5>	13.6	-1.7	-0.0
<b>Special Profit (Loss)</b>	(1.1)	(0.8)		(0.2)	0.8	0.5
<b>*1 Net Income</b>	9.8	7.4	<7.5>	8.7	-1.0	1.3
* 1 Profit attribute to owners of parent						
<b>ROE</b>	11.6%	8.8%		10.2%	-1.4%	1.4%
<b>*2 EPS (¥)</b>	318.59	241.95		284.23	-34.36	42.28
<b>Dividend (¥)</b>	7.5	7.5		7.5	-	-

\*2 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 FY15.

# Segment Results

## Sales

¥ billion	FY15/1H	FY16/1H	Change	
<b>Steel</b>	782.7	78% 670.2	-14%	-112.4
<b>I &amp; I</b>	49.4	5% 41.7	-16%	-7.7
<b>Textiles</b>	82.0	9% 76.8	-6%	-5.1
<b>Foodstuffs</b>	76.4	8% 72.9	-5%	-3.5
<b>Total</b>	991.7	100% 862.6	-13%	-129.0
<b>Overseas Sales</b>	<27.9%> 276.3	<25.6%> 220.4	-20%	<-2.3%> -55.8

## Ordinary Profit

¥ billion	FY15/1H	FY16/1H	Change	
<b>Steel</b>	9.9	59% 8.0	-19%	-1.8
<b>I &amp; I</b>	2.6	9% 1.2	-53%	-1.4
<b>Textiles</b>	1.3	18% 2.4	90%	1.1
<b>Foodstuffs</b>	1.4	13% 1.7	24%	0.3
<b>Total</b>	15.4	100% 13.6	-12%	-1.7

## Steel

### Trading of Steel, Raw Materials and Steel service centers

- Sales declined: ASP dropped by 17%
- Profit declined: Primarily impacted by low steel prices Although steel sales volume increased by 0.4 mt

## Industrial Supply & Infrastructure

Industrial machinery and machine tools, automotive parts, railway car parts, aluminum products and infrastructure business

- Sales declined: Decline in sales to Russia
- Profit declined: Reflecting the absence of temporary factors

## Textiles

OEM & ODM production for apparel & retail, solution business (logistics, etc.)

- Sales declined: The environment in the apparel industry remained severe
- Profit increased :Efforts of cost-cutting activities including the weak-yen effect

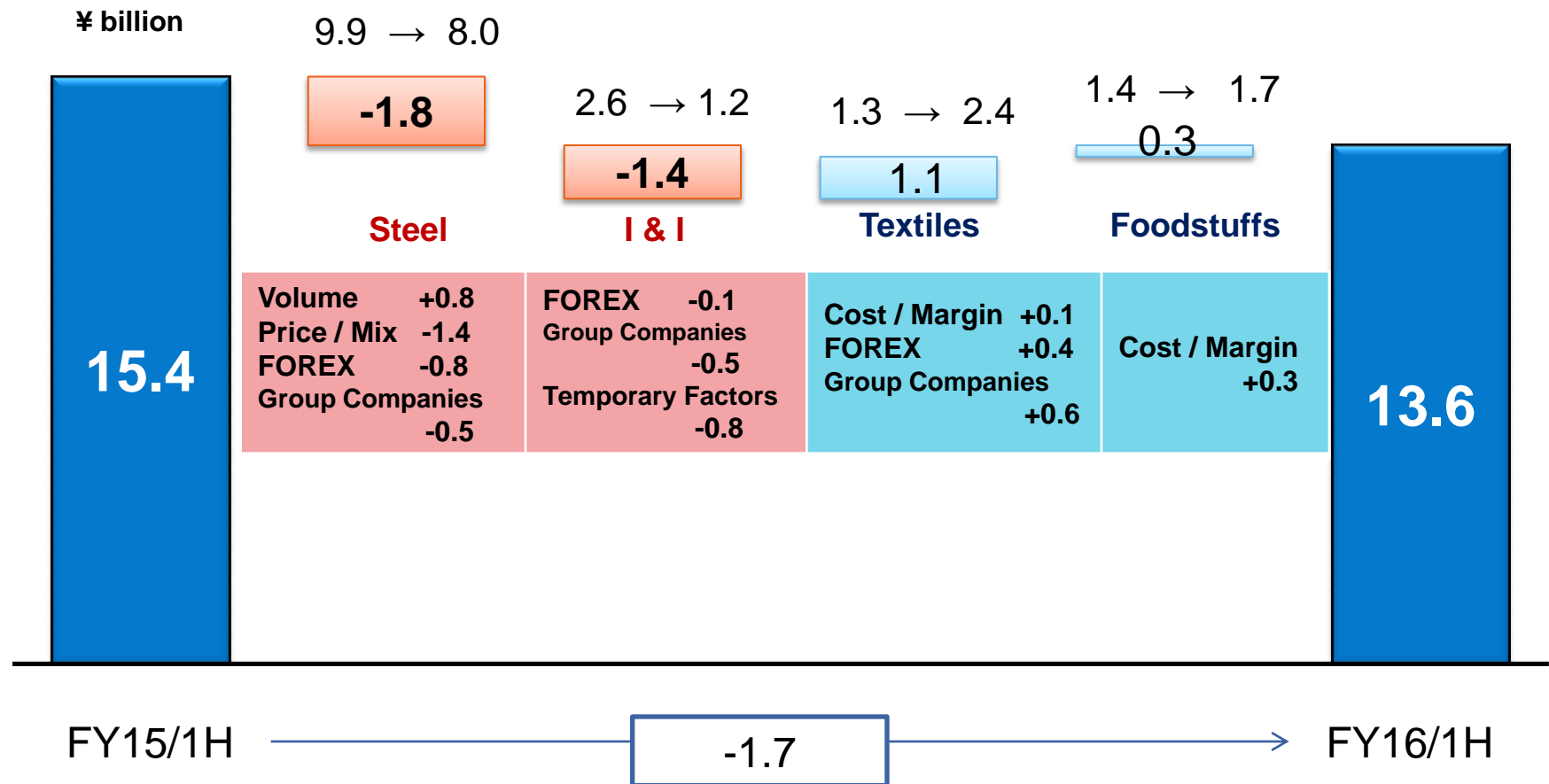
## Foodstuffs

Import of meat and processed foods and chain restaurant business

- Sales declined: Weak meat market prices
- Profit increased: Improvement in profit margins of beef and broilers

# Ordinary Profit Variance Analysis [FY15/1H vs. FY16/1H]

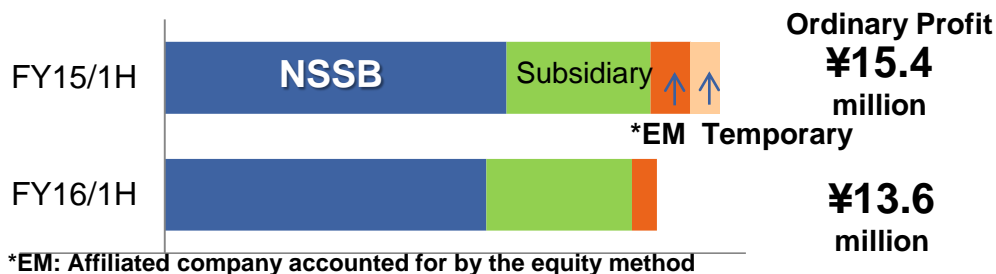
- Positive: Sales volume of steel <+0.4 million tons>  
Cost / Margin < Textiles / Foodstuffs >
- × Negative: ASP of Steel <-17%>  
Absence of temporary factors < | & | >



# Group Performance

## FY15/1H→FY16/1H

Ordinary profit of Group companies was almost flat excluding temporary factors of previous period.



(YoY) Number	In the Black	In the Red	Total
Steel	(-1) 56	(+1) 16	(-) 72
I & I	(-) 20	(+1) 2	(+1) 22
Textiles	(+4) 10	(-5) 6	(-1) 16
Foodstuffs	(-) 2	(-) 0	(-) 2
Overseas office	(-2) 7	(+2) 5	(-) 12
<b>Totals for Group Companies</b>	<b>(+1) 95</b>	<b>(-1) 29</b>	<b>(-) 124</b>

### Steel

### I & I

### Textiles

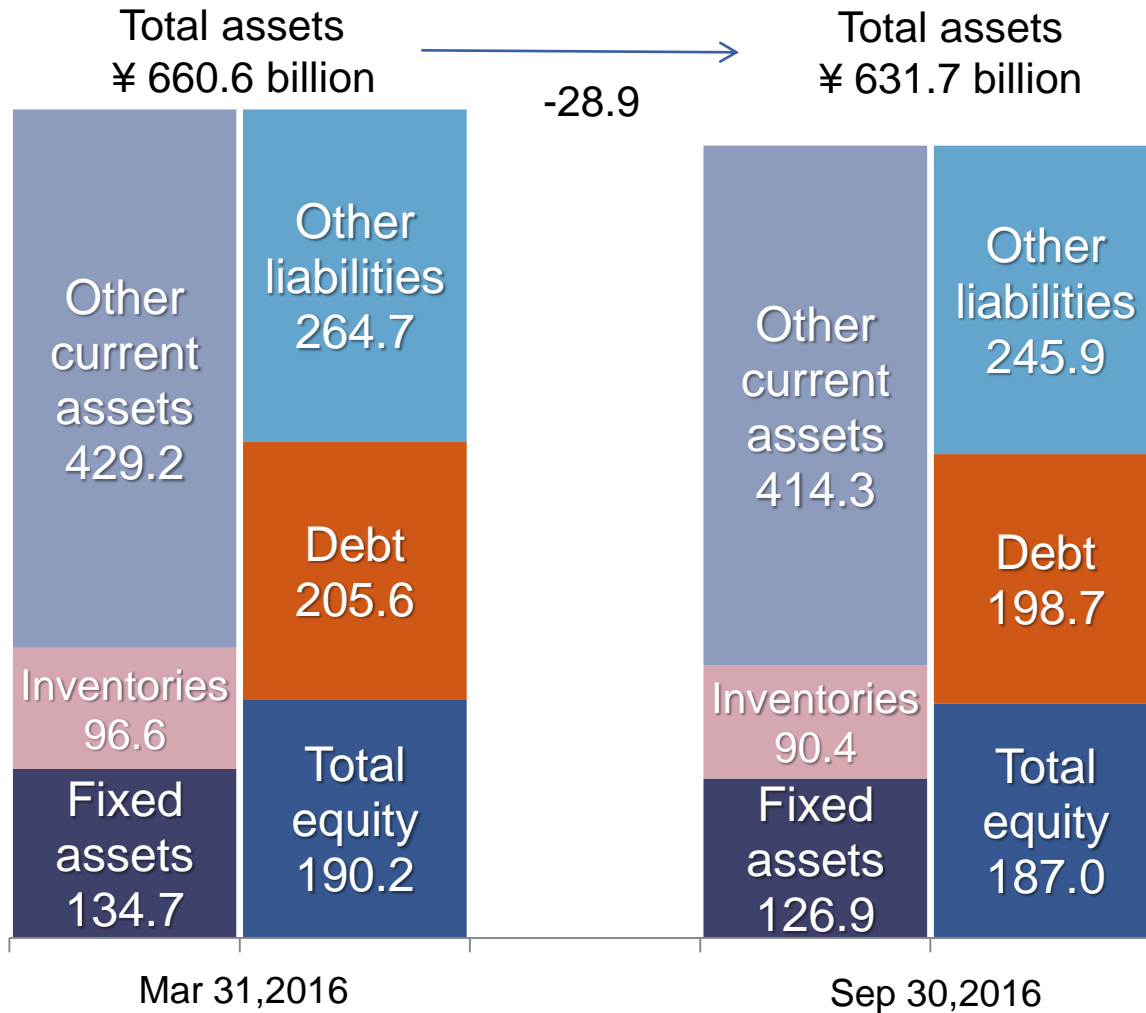
### Foodstuffs

(¥ billion)	Steel	I & I	Textiles	Foodstuffs
Ordinary Profit Breakdown (FY16/1H)	<p>8.0</p>	<p>1.2</p>	<p>2.4</p>	<p>1.7</p>
Change in OP	-1.8	-1.4	+ 1.1	+ 0.3
Change in Group Earnings	-0.5	-1.3	+ 0.6	-
Main factor for the change	×FOREX	×Temporary factors ×Poor performance of Rojana Park	○Uniform rental business ○Liquidation of unprofitable business	

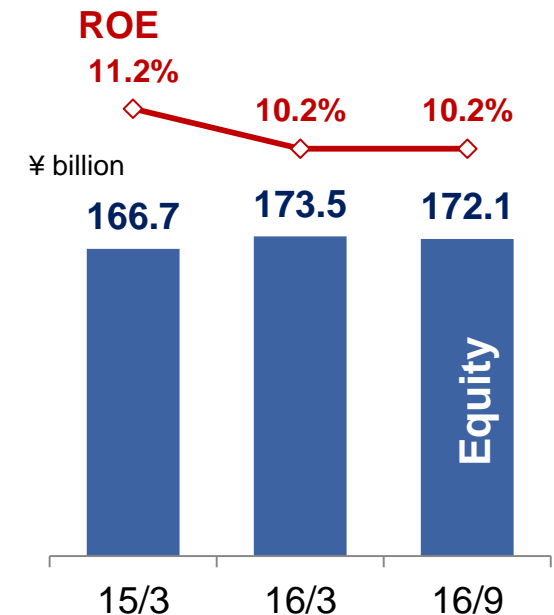


# Balance Sheets

- Improving Net – DER · Equity-ratio
- Negative effect on the foreign currency translation adjustments account.



	16/3E	16/9E	Change
Equity ratio	26.3%	27.2%	+0.9%
Net - DER	1.1	1.0	-0.1



# Cash Flow

¥ billion	FY15/1H	FY16/1H	Change
Operating CFs	15.6	8.9	-6.7
Investment CFs	-3.0	-1.7	1.3
Free CF	12.6	7.2	-5.4
Net increase (decrease) of debts	-6.3	-2.1	4.2
Cash dividends	-2.3	-2.8	-0.5
Others	-0.9	-2.4	-1.5
Changes in cash & cash equivalents	-3.1	0.2	3.3

Decreasing liquidation of receivables

CAPEX ¥1.8 billion,  
Investments ¥0.8 billion

Debts (Sept. 30) ¥198.7 billion

FY14 year-end ¥6.0  
FY15 year-end ¥7.5

Impact of foreign currency translation  
adjustment

# Guidance for FY2016

Ordinary Profit: ¥30 billion (YoY ¥1 billion) primarily due to positive conditions in the Japanese steel market.

¥ billion	FY15	<Previous Forecast>		FY16 (e)	Change 16-15
		1H	2H (e)		
Sales	1,930.8	862.6	1,017.4	<1,970> 1,880	-50.8
Operating Profit	27.8	13.5	15.5	<29> 29	1.2
Ordinary Profit	29.0	13.6	16.4	<30> 30	1.0
Net Income	17.3	8.7	8.8	<17.5> 17.5	0.2
*Dividend (¥)	150	75	75	<150> 150	-
Payout Ratio	26.8%			26.5%	

## Ordinary Profit forecast by segment

¥ billion	<Previous Forecast> FY16 (e)	Change 16-15
Steel	<19.0> 18.2	-0.2
I & I	<2.7> 2.7	-0.6
Textiles	<5.3> 5.8	1.5
Foodstuffs	<3.0> 3.3	0.4
Total	<30.0> 30.0	1.0

FY16 CAPEX & investment forecast  
¥15.0 billion

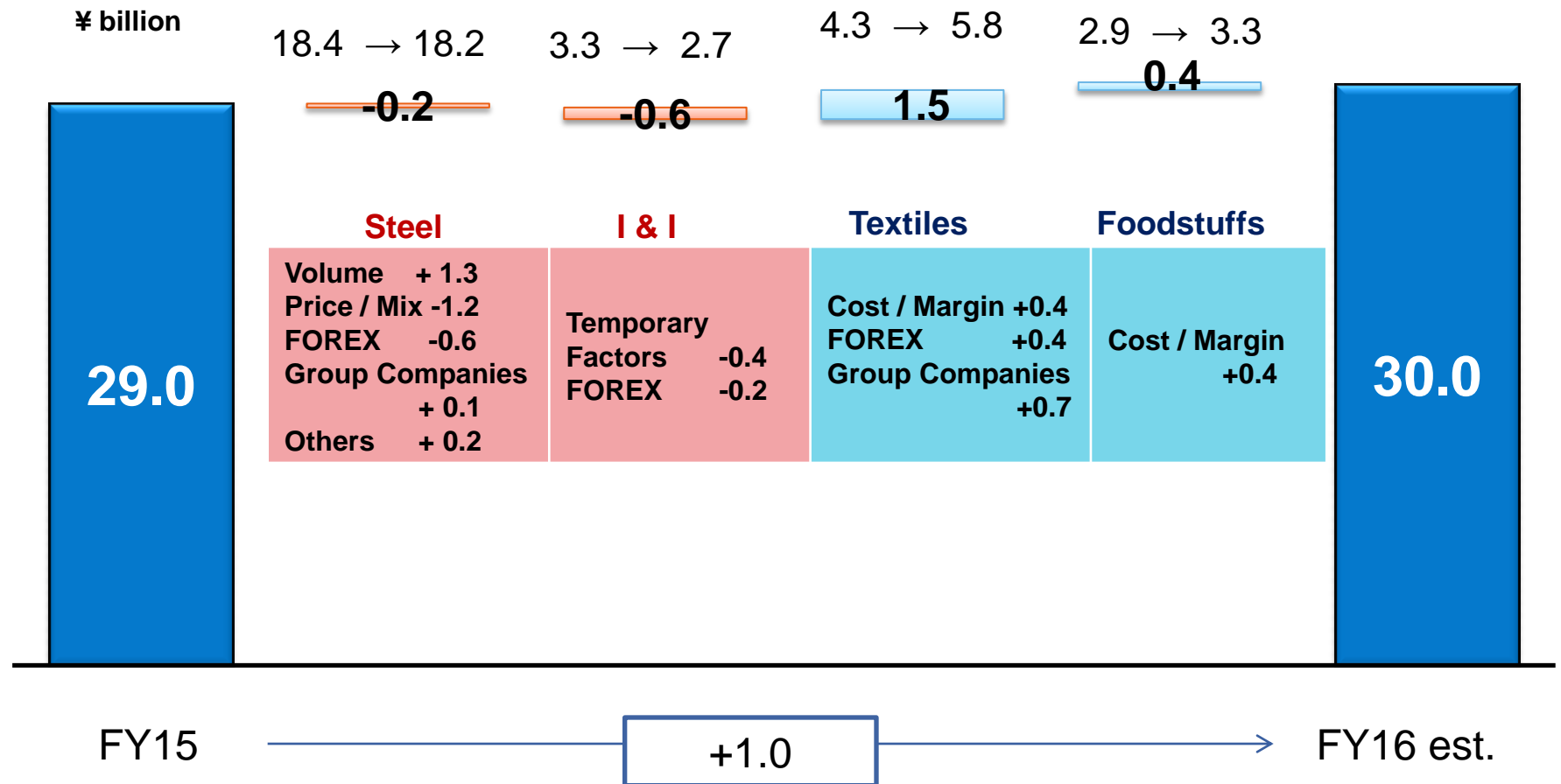
\* Based on after share consolidation

## Cash dividend policy

- ◆ 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
- ◆ Targeted payout ratio in this mid-term business plan is 25%-30%

# Ordinary Profit Variance Analysis [FY15 vs. FY16 e]

- Positive: Sales volume of steel, Cost / Margin < Textiles / Foodstuffs >, Group companies < Textiles >
- × Negative: Decline of Steel price in 1<sup>st</sup> half  
Absence of temporary factors < I & I >



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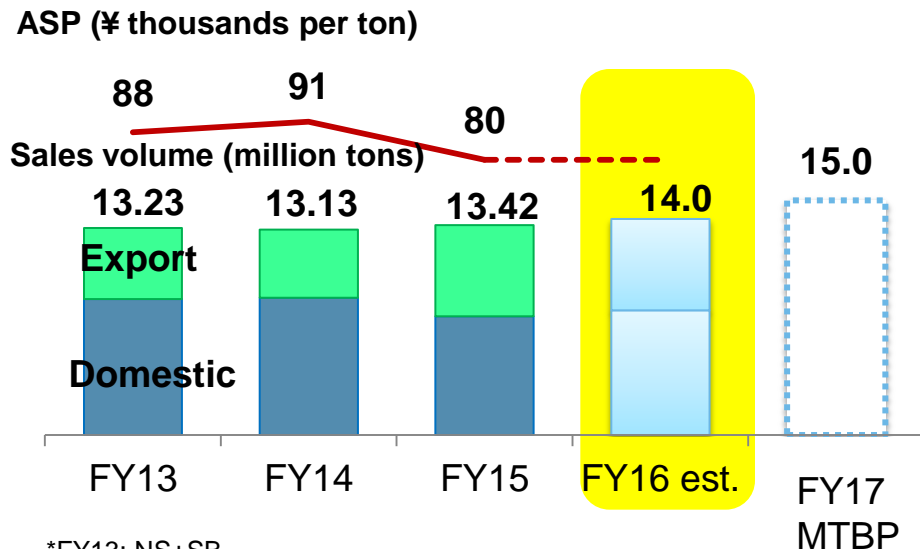
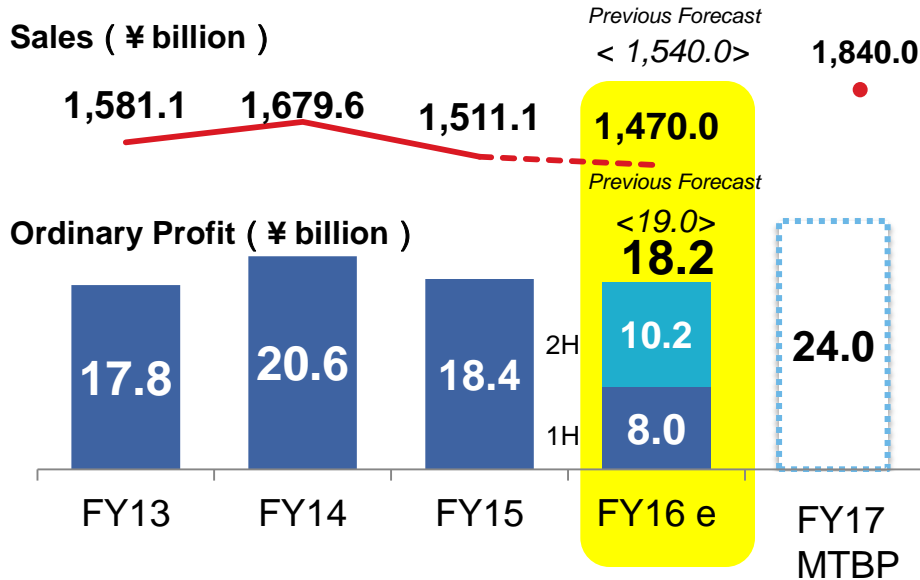
## 2. Progress of Mid-Term Business Plan 2017

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# Progress of MTBP (1): Steel

FY16 (YoY)

Sales: ↘ Profit: →



\*FY13: NS+SB

Sales volume: Includes semi-finished products, ASP; excludes semi-finished products

## Forecast for 2H / FY16

- Ordinary Profit ¥10.2 billion <HoH ¥2.2 billion>
- Revised full year sales forecast < Assumed \$ / ¥ rate =100 >
- Domestic steel demand will recover steadily along with increased demand for autos & construction.
- Steel prices start rising in the Japanese market.

## Business Environment Forecast toward 2017

- ◆ The excess capacity problem in China will continue.
- ◆ Construction-related steel demand for TOKYO 2020, which got off to a slow start, will begin picking up.

## Our Initiative

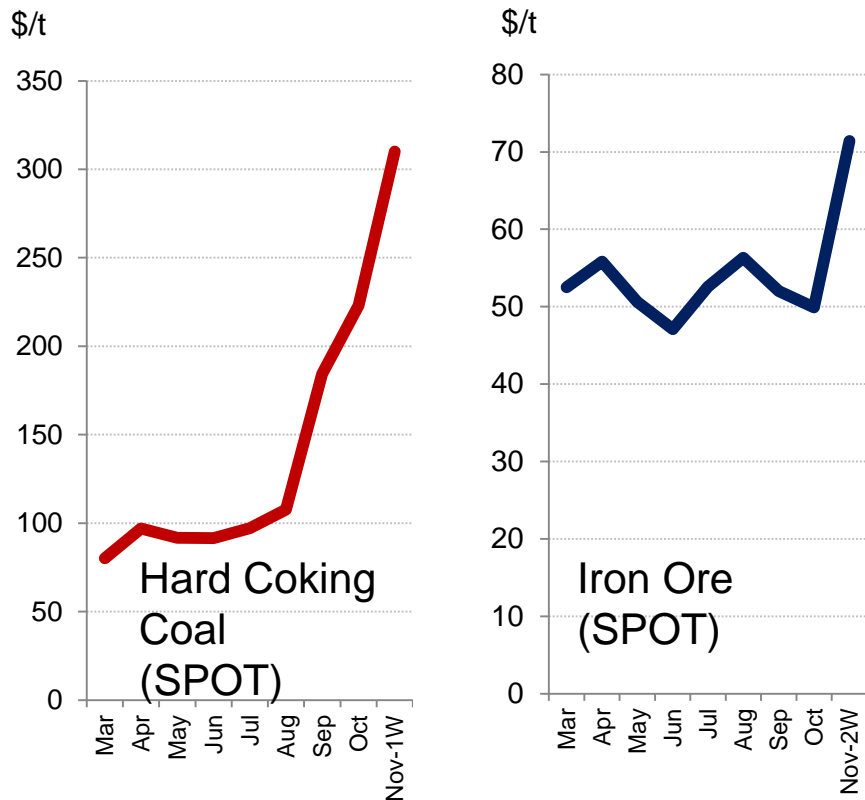
### Share business strategies with NSSMC

- ◆ Raising Market Share
- ◆ Expanding Global Bases
- ◆ Strengthening Competitiveness in Japan

# Steel Market Price Trend

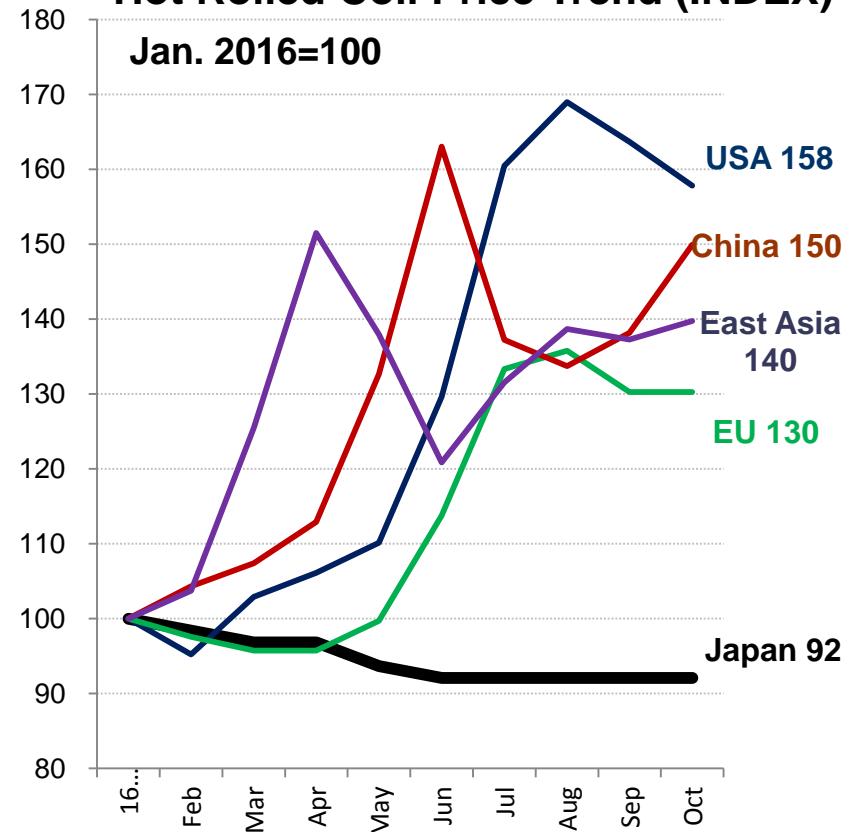
- Global steel market prices recovered strongly in line with a sharp rise in raw material prices.
- Almost every Japanese steelmaker already announced their price revisions.

## Raw Material Price Trend



Source: NSSB

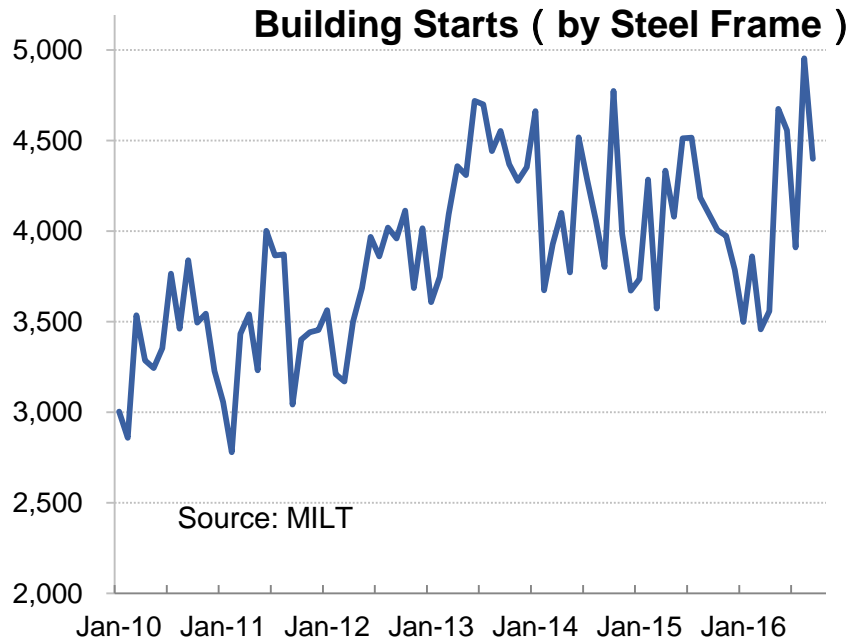
## Hot Rolled Coil Price Trend (INDEX)



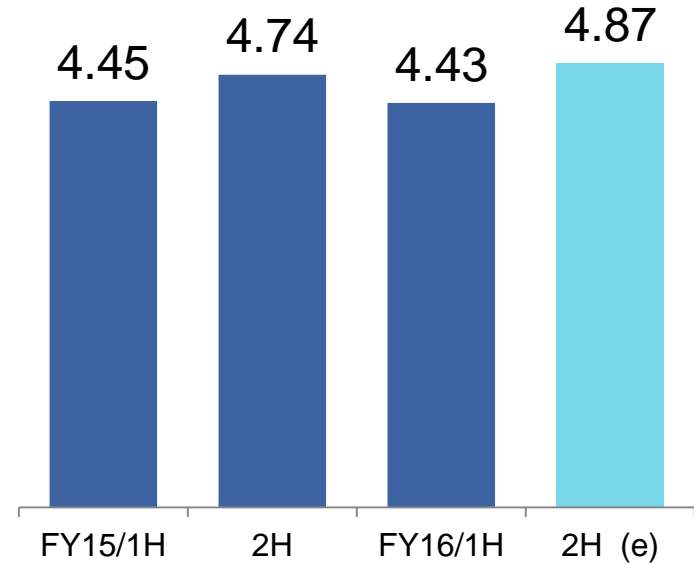
Source: NSSB

# Domestic Steel Demand

Thousand square meters



## Finished Auto Production Million units



Source: JAMA, NSSB est.

## Ordinary Steel Consumption

Thousand tons	FY15/3Q	FY16/3Q (e)	YoY
<b>Construction</b>	5,649	5,680	<+0.5%> +31
<b>Manufacturing</b>	6,761	6,870	<+1.6%> +109
<b>Total</b>	12,410	12,550	<+1.1%> +140

Source: MITI

## NSSB's Market Share

### Ordinary Steel in Japan

*FY16/2Q approx. 16%*

### HRC (export)

*FY16/2Q approx. 25%*

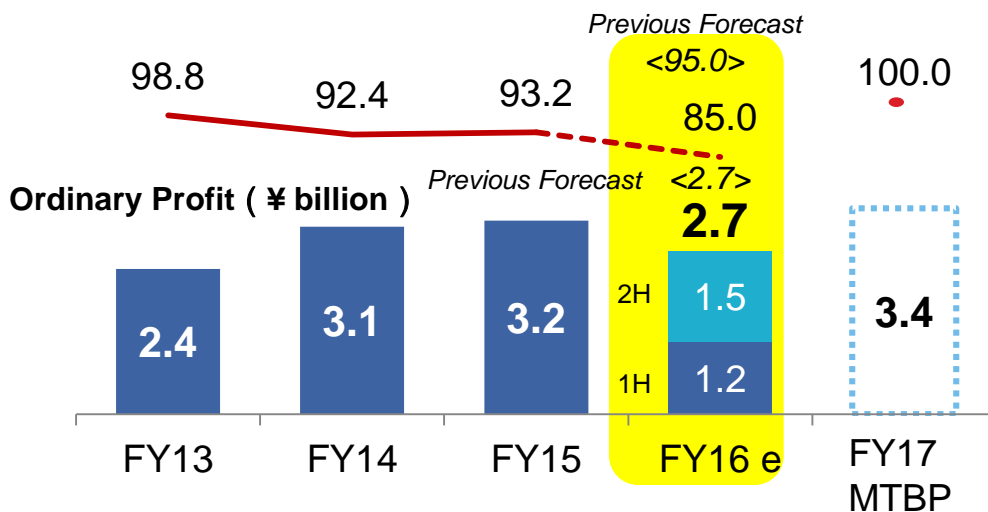


# Progress of MTBP (2): Industrial Supply & Infrastructure

FY16 (YoY)

Sales: ↘ Profit: ↘

Sales ( ¥ billion )



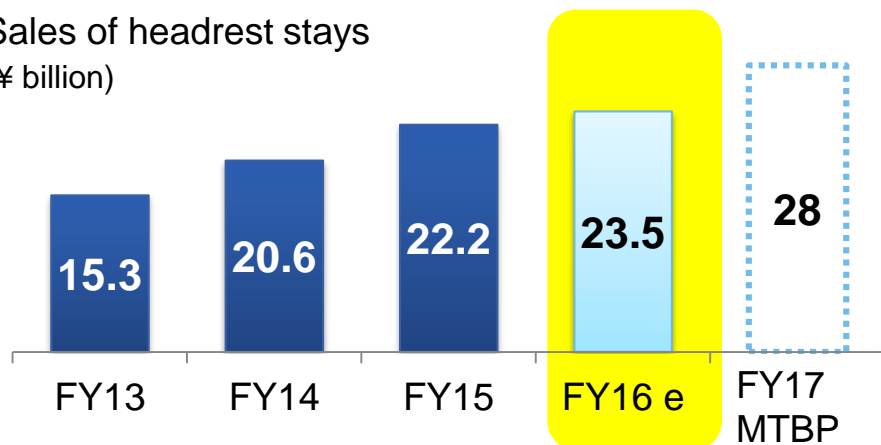
## Forecast for 2H / FY16

· Ordinary Profit ¥1.5 billion  
 <HoH ¥0.3 billion>

### Keep underlying profit

\*Temporary Profit in FY15: Transitory profits related to the merger with the Thailand-based entity accounted for using equity method <¥ 0.8 billion>

Sales of headrest stays ( ¥ billion )



## Business Environment

- ◆ Slump in emerging economies (Russia, Thailand, etc.)
- ◆ Temporary production cutback of the Japanese car manufacturers

## Major Initiatives

### Preparation for the recovery period

- ◆ Expansion of industrial park in Thailand
- ◆ Increase production capacity for headrest stays in Mexico
- ◆ Development of the industrial park business in Mexico

FY13: NS + SB

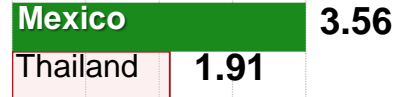
# New Business of Industrial Supply & Infrastructure Segment

## Developing Industrial Park Business in Mexico

NSSB plans to execute the exclusive sales representative agreement with one of the top Mexican industrial park developers. By leveraging the management capabilities we have accumulated over the experience in Thailand and utilizing our wide network for Japanese manufacturers, we will form our industrial park business in North America.

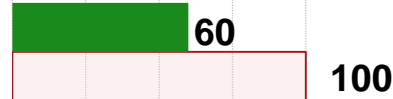


Automobile Production (million units)



Index:

Number of Tier 1 manufacturers

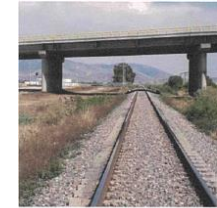


Index:

Number of Tier 2/3 manufacturers



Index: Thailand=100



鉄道輸送 (Santa Fe)



コンテナ輸送 (Santa Fe)



排水処理設備 (Santa Fe)



発電設備 (Santa Fe)

## Opening **KOHLER**'s Showroom in TOKYO

NSSB's subsidiary\* opened a showroom of Kohler, America's top kitchen and bath brand, aiming to capture demand for newly opening or renovated hotels in the Tokyo area.



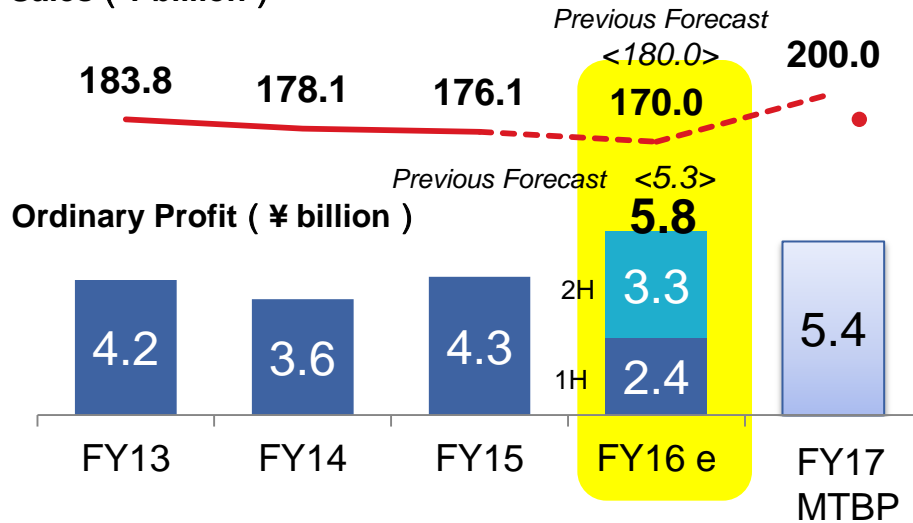
\*NIPPON STEEL & SUMIKIN BUSSAN MATEX CO., LTD.

# Progress of MTBP (3): Textiles

FY16 (YoY)

Sales: ↘ Profit: ↗

Sales ( ¥ billion )



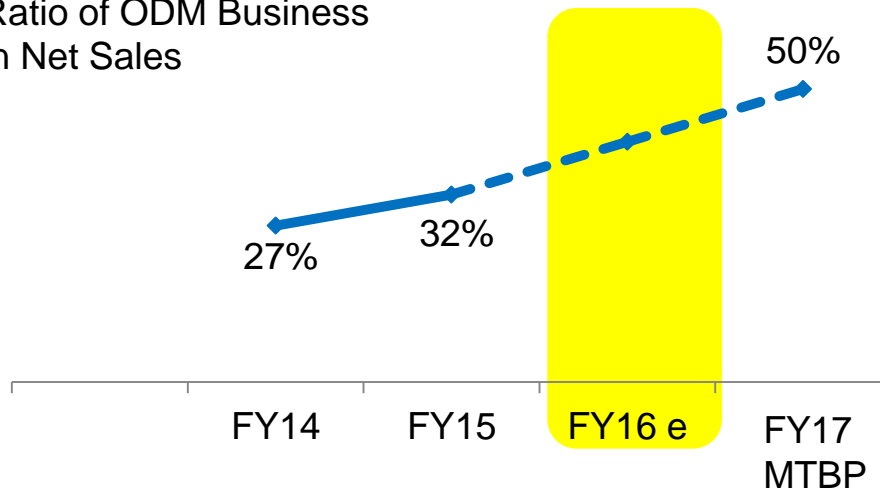
## Forecast for 2H / FY16

- Ordinary Profit ¥3.3 billion
- <HoH ¥0.9 billion>

## Achieving target Profit of MTBP in the year ahead

- Reinforcing cost reduction
- Improving the productivity of ASEAN plant.
- Improving the efficiency of back office

Ratio of ODM Business in Net Sales



## Business Environment

- ◆ Long depressed market for apparel in Japan

## Major Initiatives

- ◆ Expand new business domain utilizing our capability
- Evolve OEM to ODM (Original Design Manufacturing)
- Increase overseas sales
- Develop solutions business

# Strengthen Profitability of Textiles Business

## Acquisition of major customer in the RFID\*1 uniform rental business

NSSB's subsidiary\*2 received a number of orders from new clients by using a uniform-rental program with an RFID tracking system.

- Tracking Online Inventory Management in real time
- Fully automated system



\*1 RFID  
Radio Frequency Identifier  
NSSB is the only official import agent in Japan of  
IMPINJ, the global market leader of RFID tags.

\*2 SUNPEXIST corporation

## Exhibiting at Intertextile in Shanghai

Intertextile Shanghai Apparel is one of the world's leading apparel fabrics and accessories fairs.



## Holding the all NSSB Group sales exhibition for ladies apparel

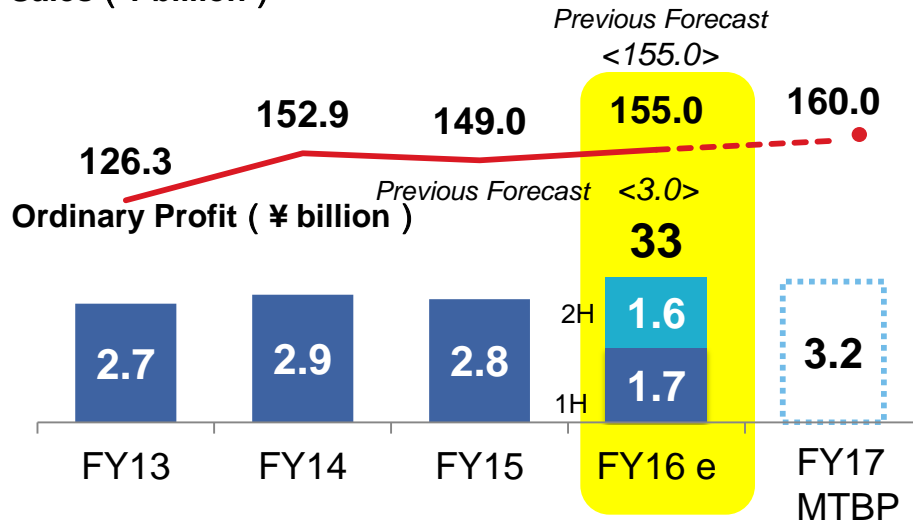


# Progress of MTBP (4): Foodstuffs

FY16 (YoY)

Sales: ↗ Profit: ↗

Sales ( ¥ billion )



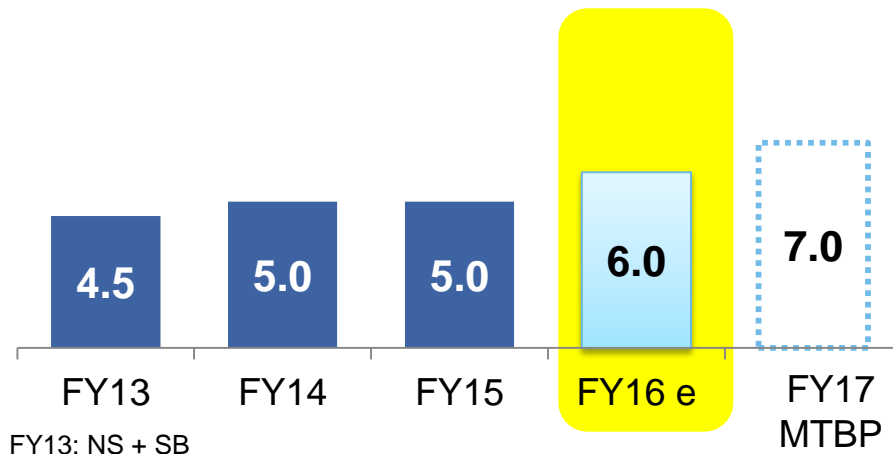
## Forecast for 2H / FY16

- Ordinary Profit ¥1.6 billion  
<HoH ¥-0.1 billion>

## Achieving target Profit of MTBP in the year ahead

- Developing local blue-chip meat packers globally
- Expand tri-nation trade transactions

Overseas sales ( ¥ billion )



FY13: NS + SB

## Business Environment

- ◆ Gradual contraction of the domestic market

## Major Initiatives

- ◆ Expand tri-nation trade transactions
  - Beef / pork to China and ASEAN region
  - Chicken to China
  - Expand export of wagyu beef
  - Developing the restaurant chain business in ASEAN region and Taiwan

# Developing the Restaurant Chain Business in Asia

## Kanpai Classic won a first star in Michelin Guide

Yakiniku restaurant Kanpai\* Classic Shanghai received a star in Michelin Guide Shanghai 2017, as the first winner in the yakiniku category.

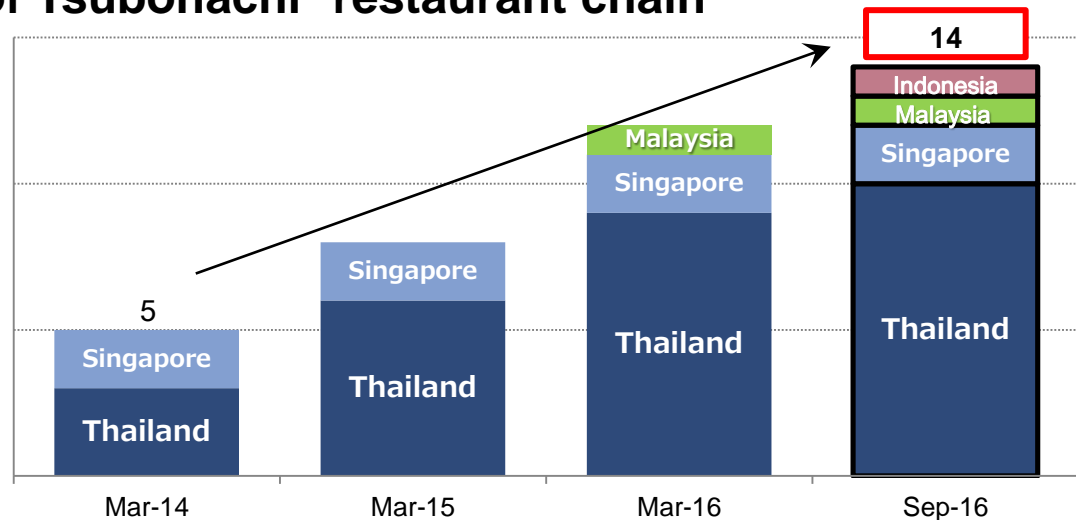
\*Kanpai Group

The Kanpai Group operates a restaurant chain in the yakiniku category which focuses on wagyu (Japanese beef). In Dec. 2015, NSSB underwrote an increase in capitalization of the Kanpai group to raise its share to about 15% to expand its beef business.



## Expand overseas stores of Tsubohachi\* restaurant chain

\*NSSB's subsidiary Tsubohachi Group operates an "Izakaya"-style restaurant chain in Japan and the ASEAN area.





# Merger synergies

✓ New Integrated Enterprise Information System (“COMPASS”) started operation from Apr. 2016

✓ **New Integrated Data Center will start operation from FY2018**

→ ICT Merger synergies ¥1.2 billion

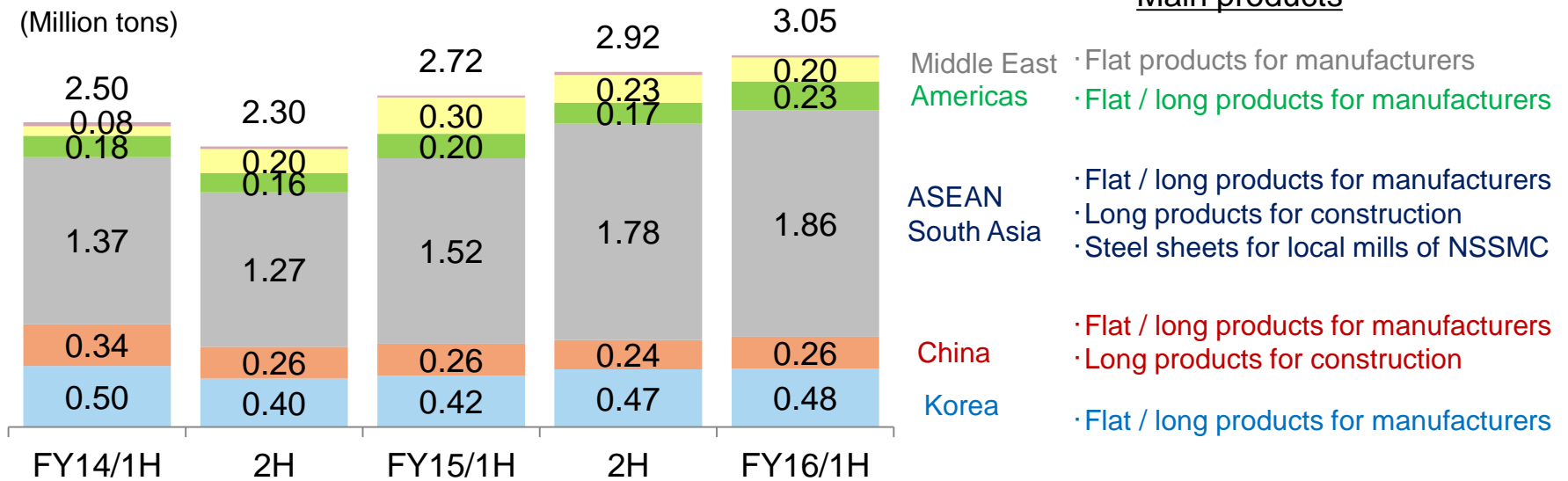


- ◆ Reduction of ICT cost ¥0.4 billion (FY2016→FY2018)
- ◆ Improvement of efficiency
- ◆ Reduction of electricity consumption
- ◆ Upgrading BCP management
- ◆ Ensuring future scalability with cloud computing

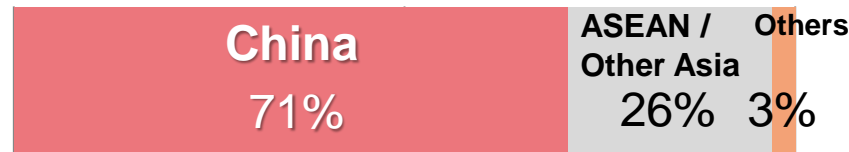
# Globalization: Earning Opportunities for Growth

## Export volume of Steel

(Million tons)



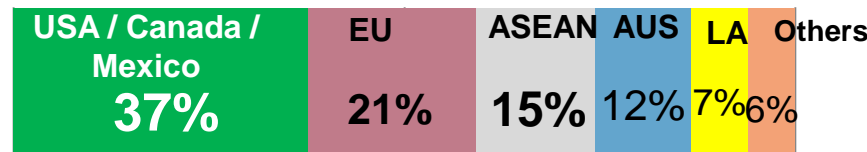
**Imports breakdown by region of Textiles (Value bases, FY16/1H)**



### Our Strategies

Controlling manufacturing bases between the balance of cost, quality and business response capabilities

**Imports breakdown by region of Foodstuffs (Value bases, FY16/1H)**



Developing local blue-chip meat packers globally for diversification of risks



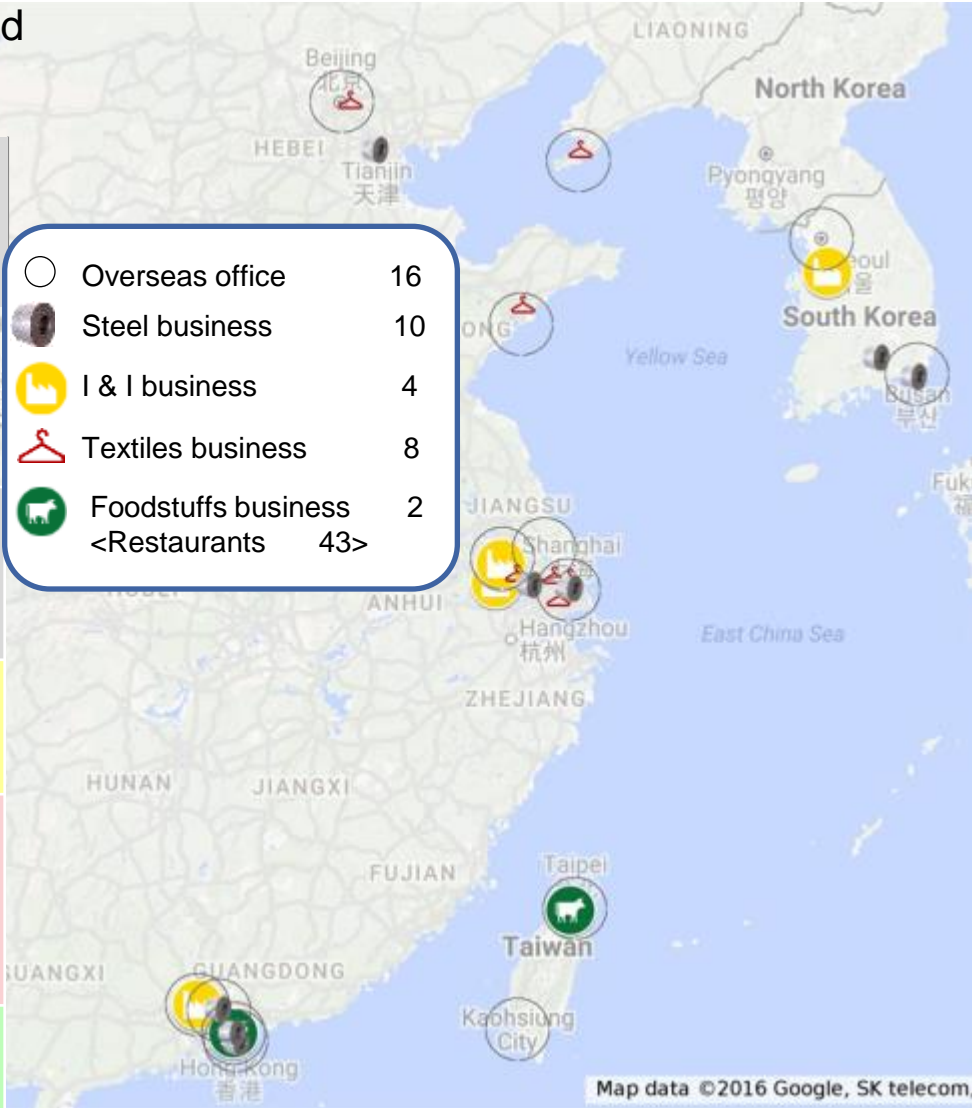
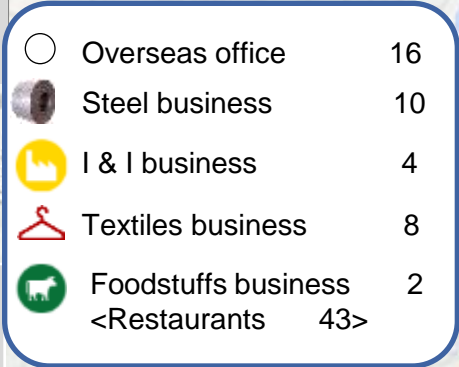
# Business Fields of NSSB Group in East Asia

The Regional Position in our consolidated overseas sales ( FY2015 )



## Main Business in the Region

Steel	<ul style="list-style-type: none"> <li>• Export / Import of steel products</li> <li>• Steel service center</li> <li>• Processing plant</li> <li>• Import materials for steel works</li> </ul>
Industrial Supply & Infrastructure	<ul style="list-style-type: none"> <li>• Production of auto parts</li> <li>• Export of aluminum products, etc.</li> </ul>
Textiles	<ul style="list-style-type: none"> <li>• Manufacturing bases for OEM and ODM products</li> <li>• Promoting international trade with European and American buyers</li> </ul>
Foodstuffs	<ul style="list-style-type: none"> <li>• Tri-nation trade transactions for meats</li> <li>• Import of processed foods</li> <li>• Restaurant Chain Business</li> </ul>



# Business Fields of NSSB Group in ASEAN

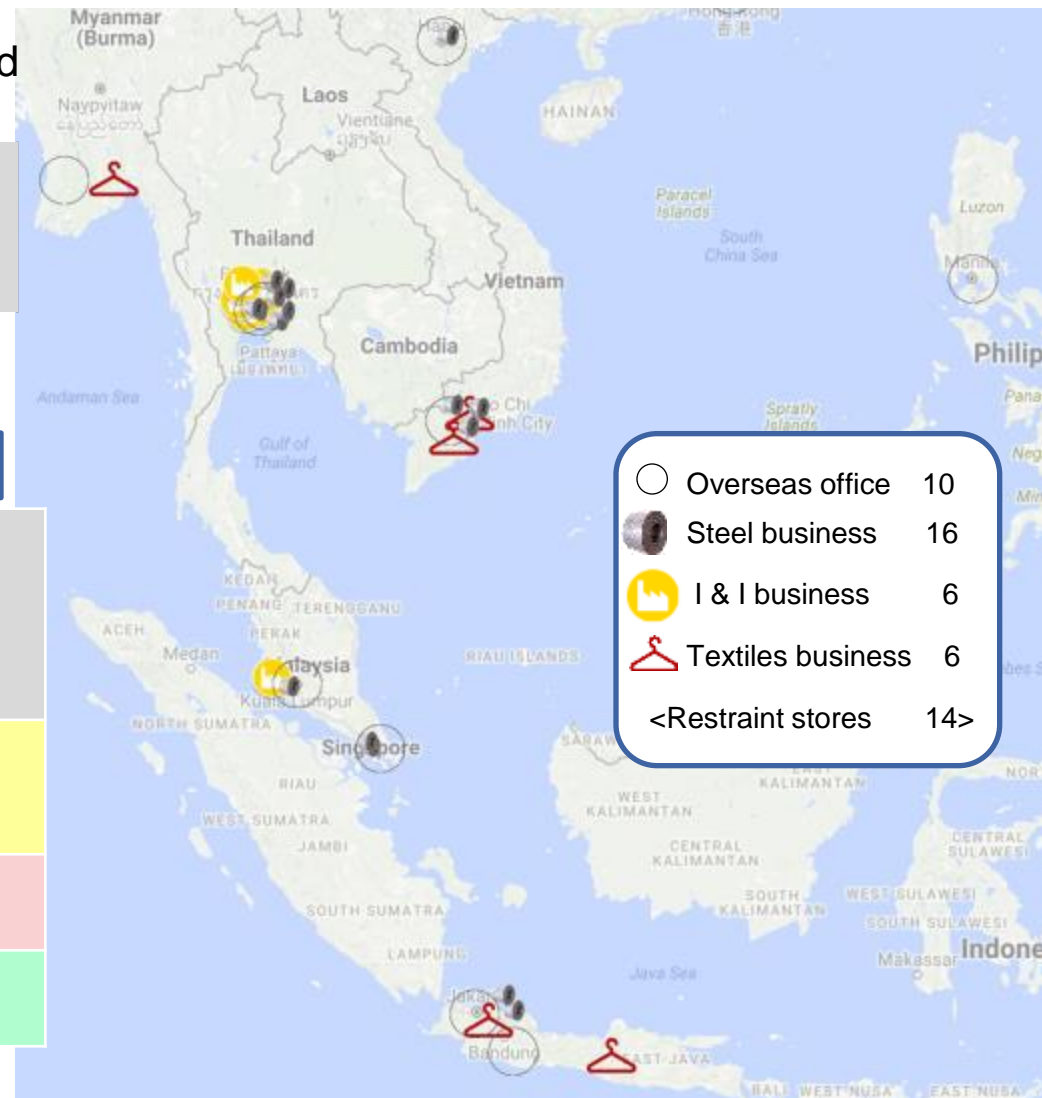
The Regional Position in our consolidated overseas sales ( FY2015 )

39%

← ASEAN

## Main Business in the Region

Steel	<ul style="list-style-type: none"> <li>Export / Import of steel products</li> <li>Steel service center</li> <li>Processing plant</li> <li>Intraregional trade / Tri-nation trade</li> </ul>
Industrial Supply & Infrastructure	<ul style="list-style-type: none"> <li>Industrial park</li> <li>Export of aluminum products, etc.</li> </ul>
Textiles	<ul style="list-style-type: none"> <li>Manufacturing bases for OEM and ODM products</li> </ul>
Foodstuffs	<ul style="list-style-type: none"> <li>Import of meats / processed foods</li> <li>Restaurant Chain Business</li> </ul>



# Business Fields of NSSB Group in Americas

The Regional Position in our consolidated overseas sales ( FY2015 )

17% ←

North America / Latin America

## Main Business in the Region

Steel	<ul style="list-style-type: none"> <li>• Export of steel products</li> <li>• Steel service center</li> <li>• Intraregional trade</li> </ul>
Industrial Supply & Infrastructure	<ul style="list-style-type: none"> <li>• Industrial park</li> <li>• Production of auto parts</li> </ul>
Foodstuffs	<ul style="list-style-type: none"> <li>• Import of meats</li> <li>• Sales of marine products</li> </ul>



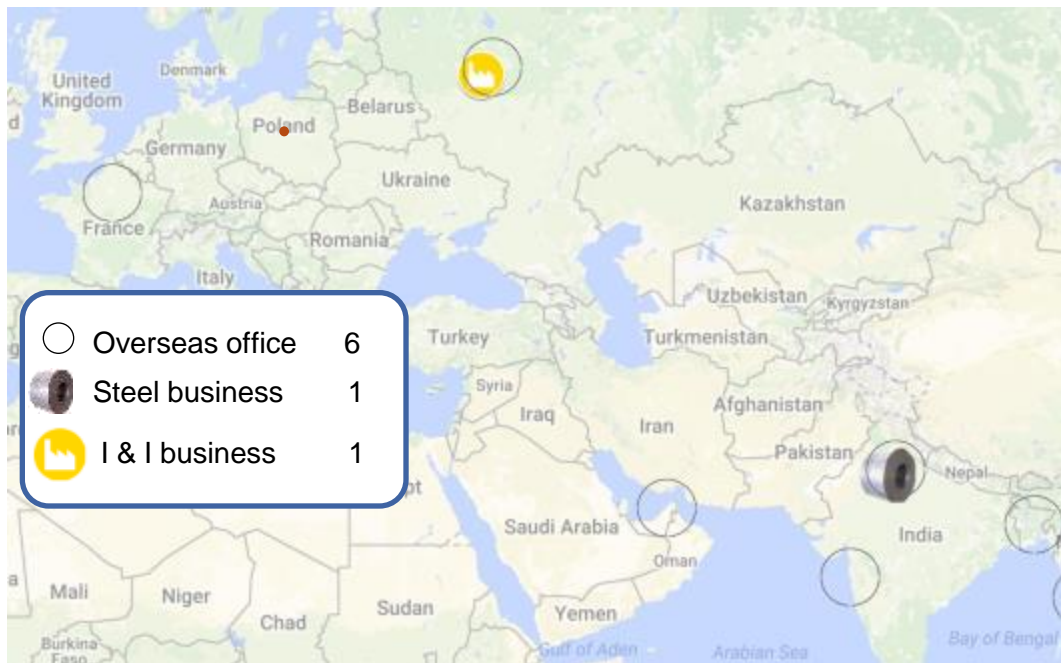
# Business Field of NSSB Group in Other Regions

The Regional Position in our consolidated overseas sales ( FY2015 )

**13%** ← ME, South Asia, Europe, Russia, Australia

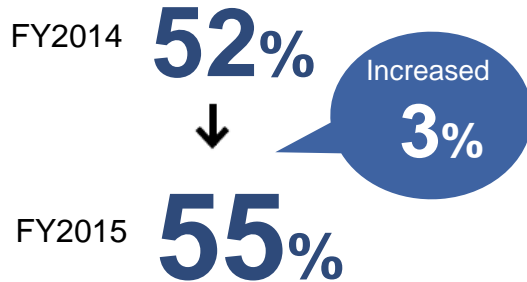
## Main Business in the Region

Steel	<ul style="list-style-type: none"> <li>• Export of steel products</li> <li>• Import of raw materials</li> </ul>
Industrial Supply & Infrastructure	<ul style="list-style-type: none"> <li>• Export of industrial machinery and machine tools</li> <li>• Production of auto parts</li> </ul>
Foodstuffs	<ul style="list-style-type: none"> <li>• Import of meats</li> </ul>

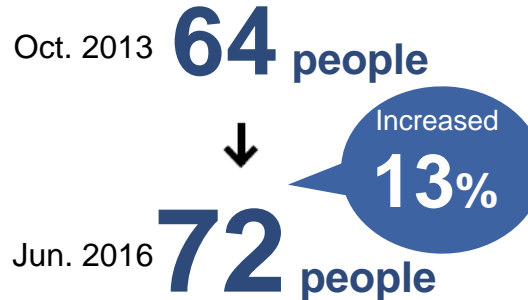


# Slowly but Surely Making Progress from the Merger

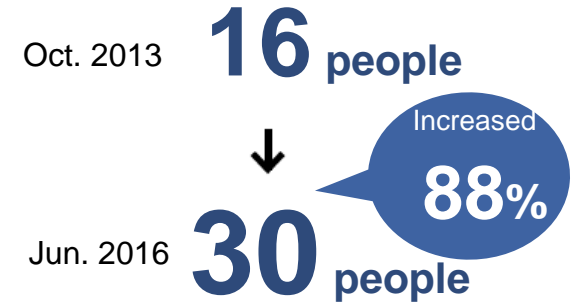
## Rate of Paid Holiday Usage



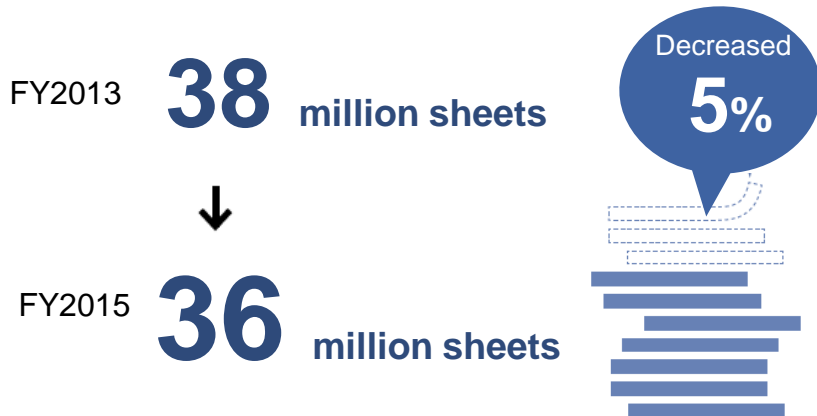
## Number of Female Managers & Generalists



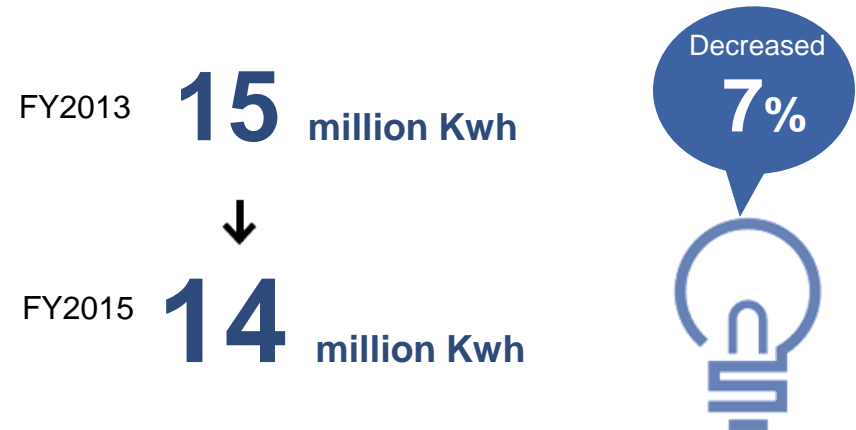
## Number of Overseas Trainees (cumulative)



## Paper used for photocopying (including Group companies)



## Electricity Consumption (including Group companies)



FY2013      FY2015

Number of Employees (consolidated) 7,778 → 8,179 Increased 5%  
 Sales Volume of Steel (million tons) 13.23 → 13.42 Increased 1%

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# 3. Appendix

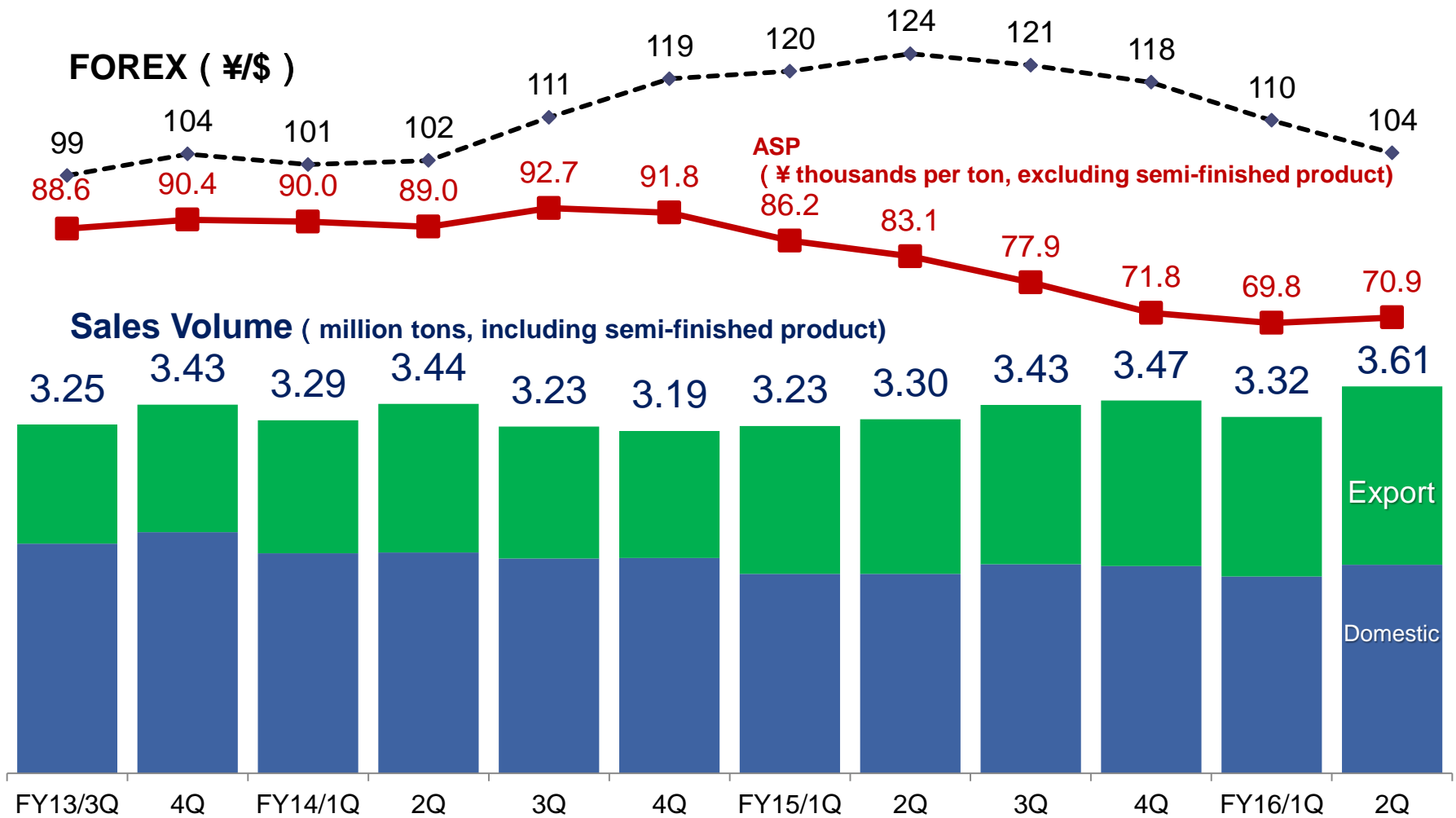
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# Sales and Ordinary Profit by Quarter

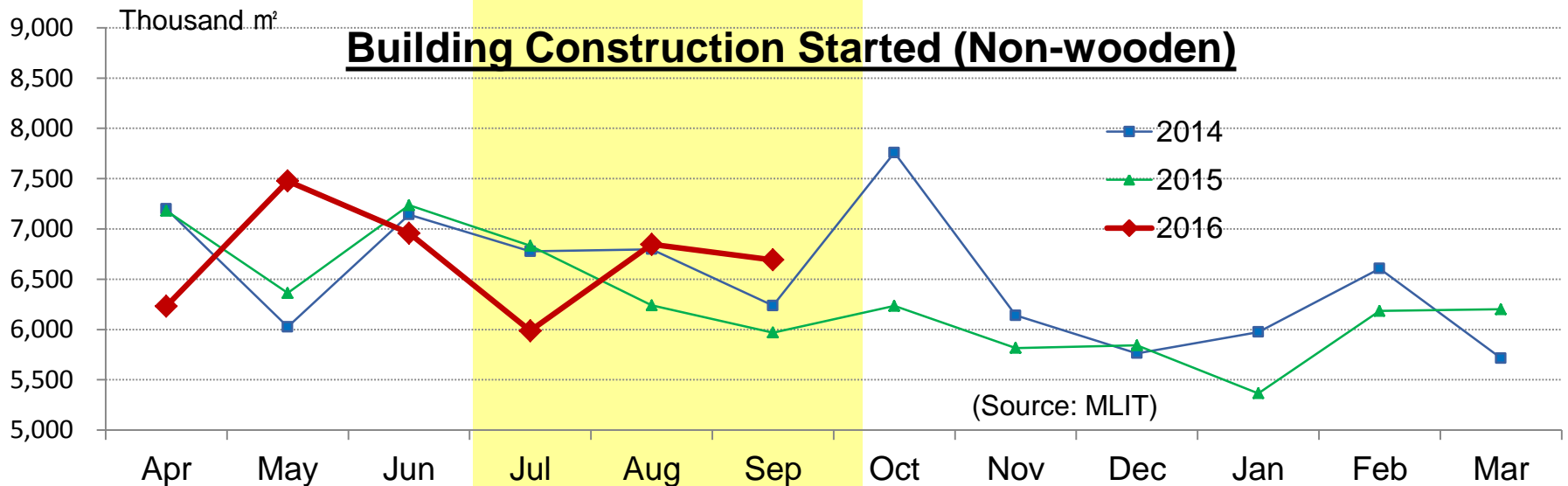
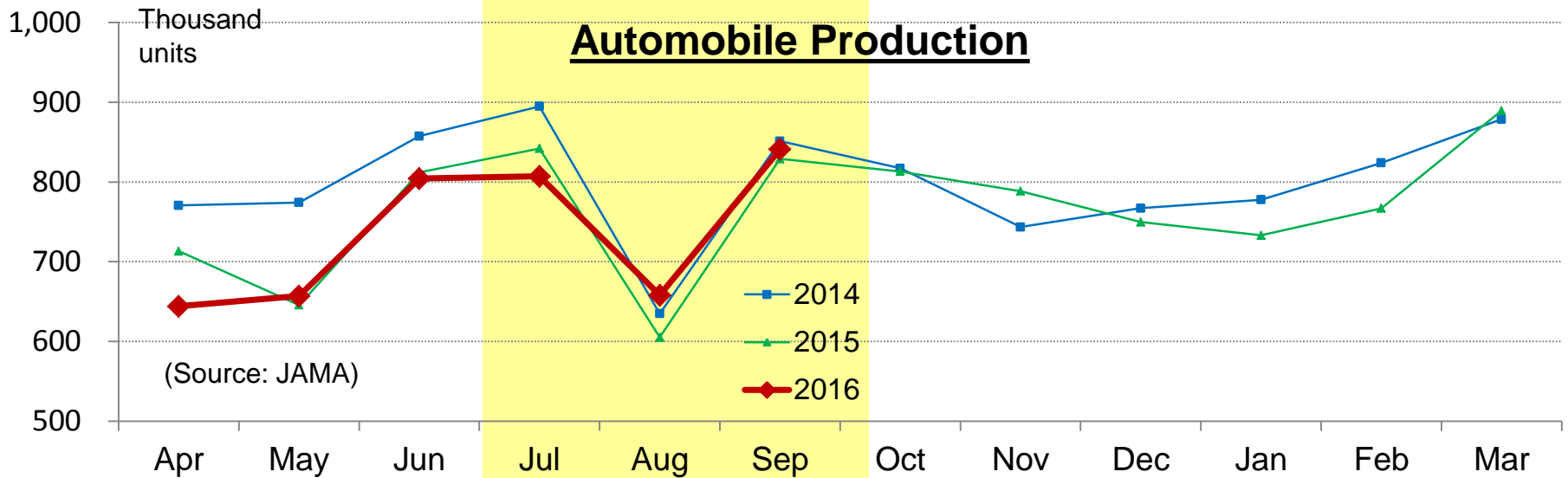
¥ billion	FY2014				FY2015				FY2016	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Steel</b>	396.2	426.2	428.6	428.6	385.3	397.3	365.4	362.9	323.0	<b>347.2</b>
<b>I &amp; I</b>	20.7	22.2	25.9	23.6	23.5	25.9	20.5	23.2	21.4	<b>20.2</b>
<b>Textiles</b>	41.7	42.5	45.4	48.4	39.0	42.9	46.7	47.3	37.3	<b>39.4</b>
<b>Foodstuffs</b>	37.5	39.6	41.3	34.3	37.8	38.6	38.0	34.4	36.3	<b>36.5</b>
<b>Others</b>	0.3	0.3	0.2	0.3	0.3	0.6	0.0	0.3	0.3	<b>0.5</b>
<b>Sales</b>	<b>496.6</b>	<b>530.9</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>Steel</b>	4.2	5.2	5.4	5.7	5.4	4.4	3.8	4.6	3.8	<b>4.2</b>
<b>I &amp; I</b>	0.5	0.3	1.1	1.1	1.9	0.7	0.4	0.1	0.7	<b>0.4</b>
<b>Textiles</b>	1.1	0.1	0.3	2.0	0.7	0.5	1.0	1.9	1.6	<b>0.8</b>
<b>Foodstuffs</b>	0.9	0.7	0.8	0.4	0.7	0.6	0.8	0.6	0.9	<b>0.7</b>
<b>Others</b>	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>6.9</b>	<b>6.5</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>

# Sales Volume and ASP of Steel by Quarter

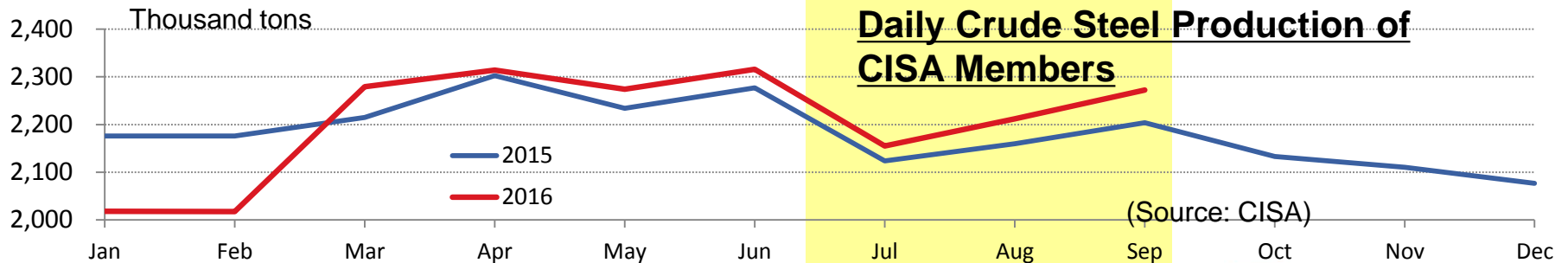
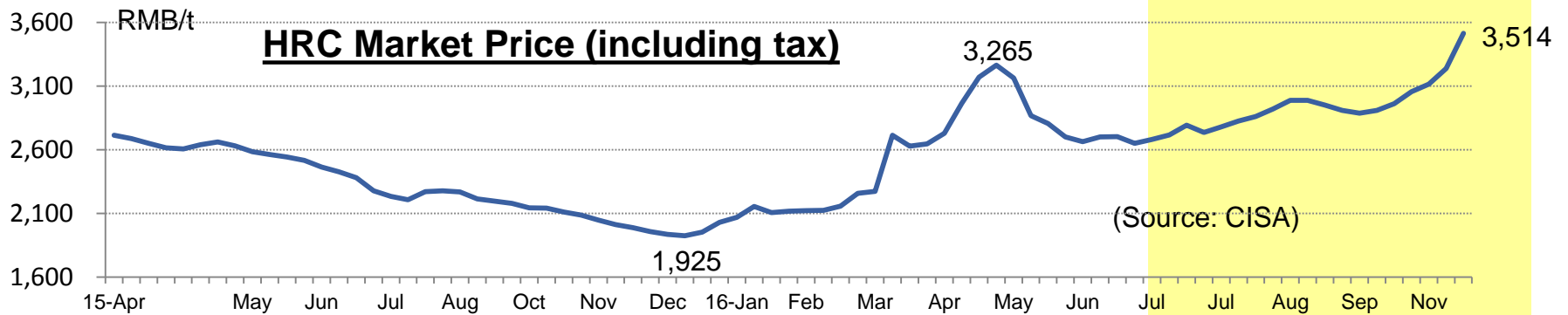
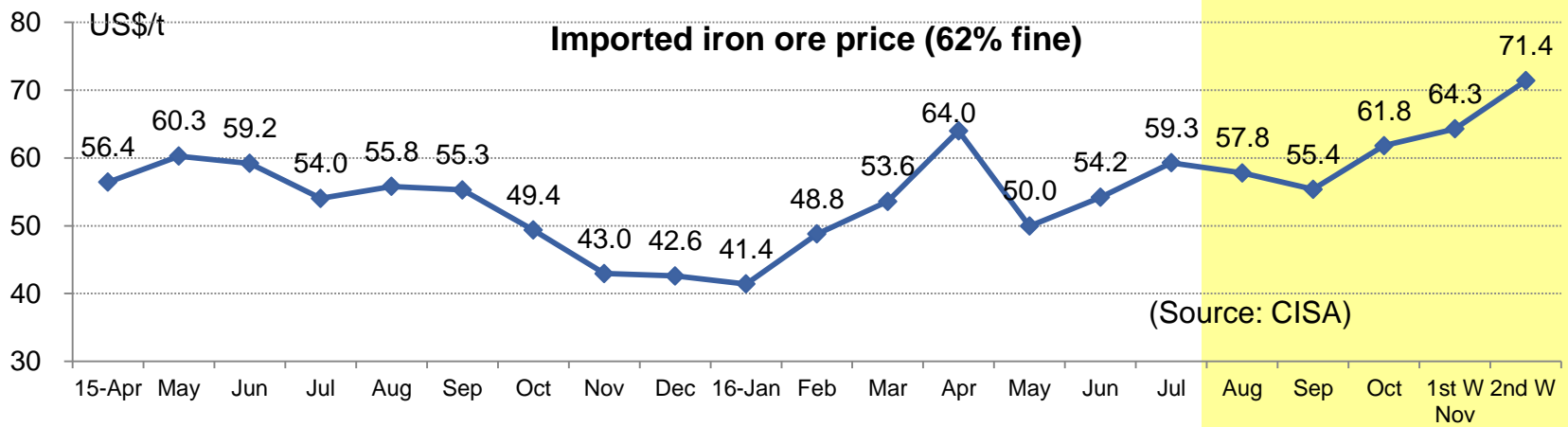




# Domestic Demand Trend for Steel



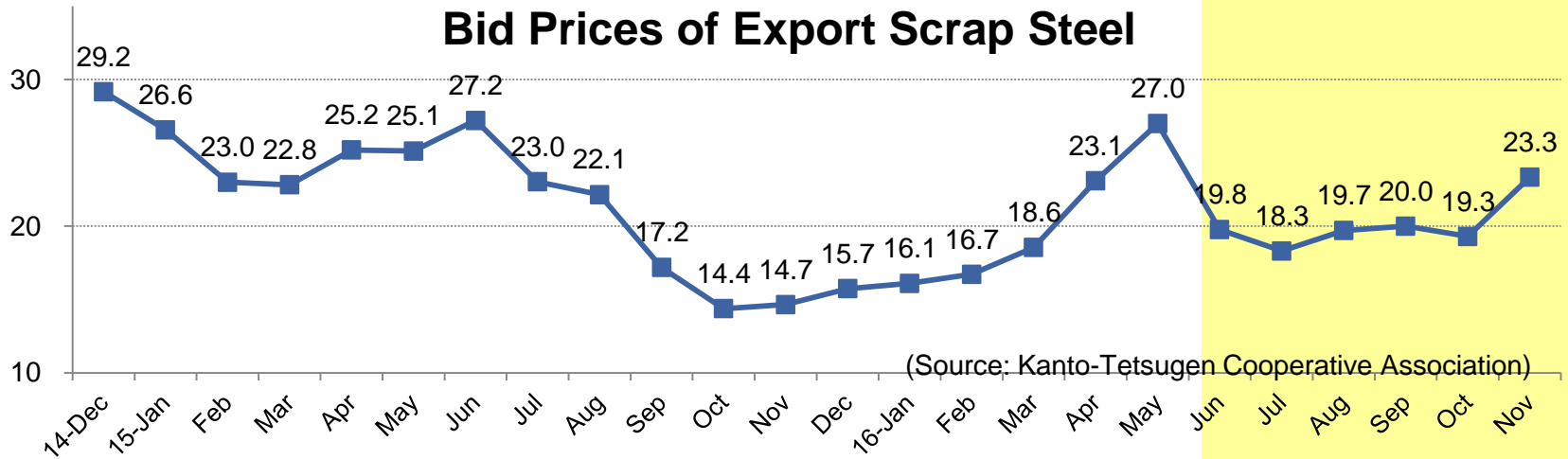
# Steel Market in China



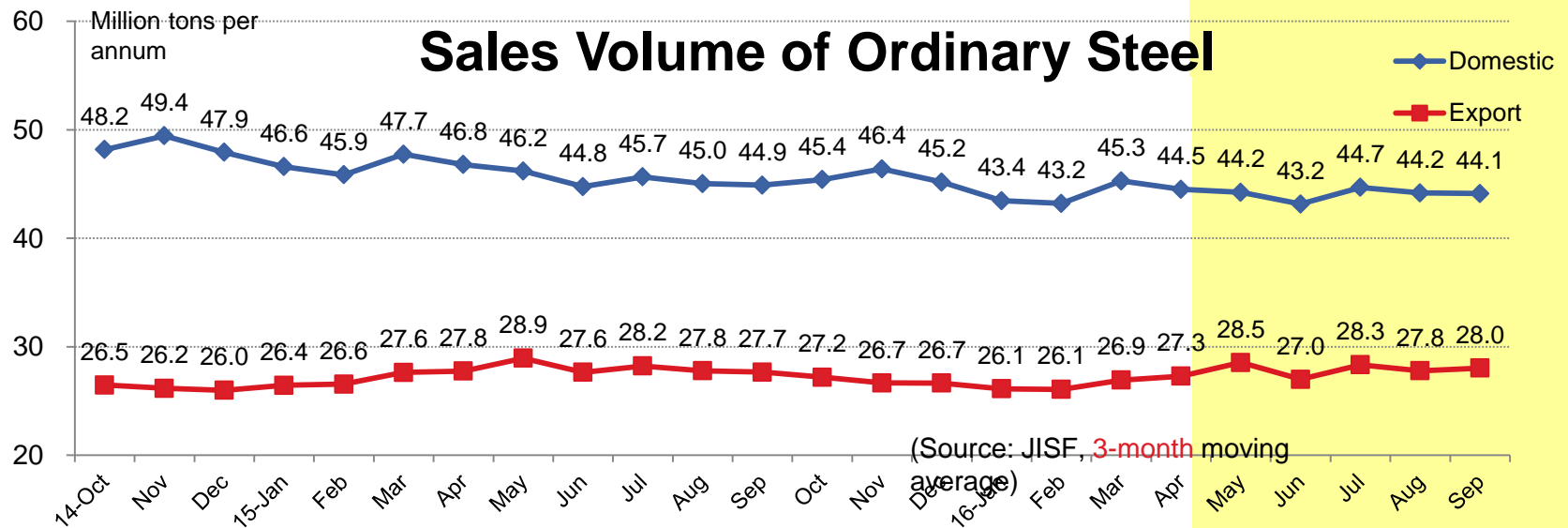
# Steel Demand in Japan

¥ thousands per ton

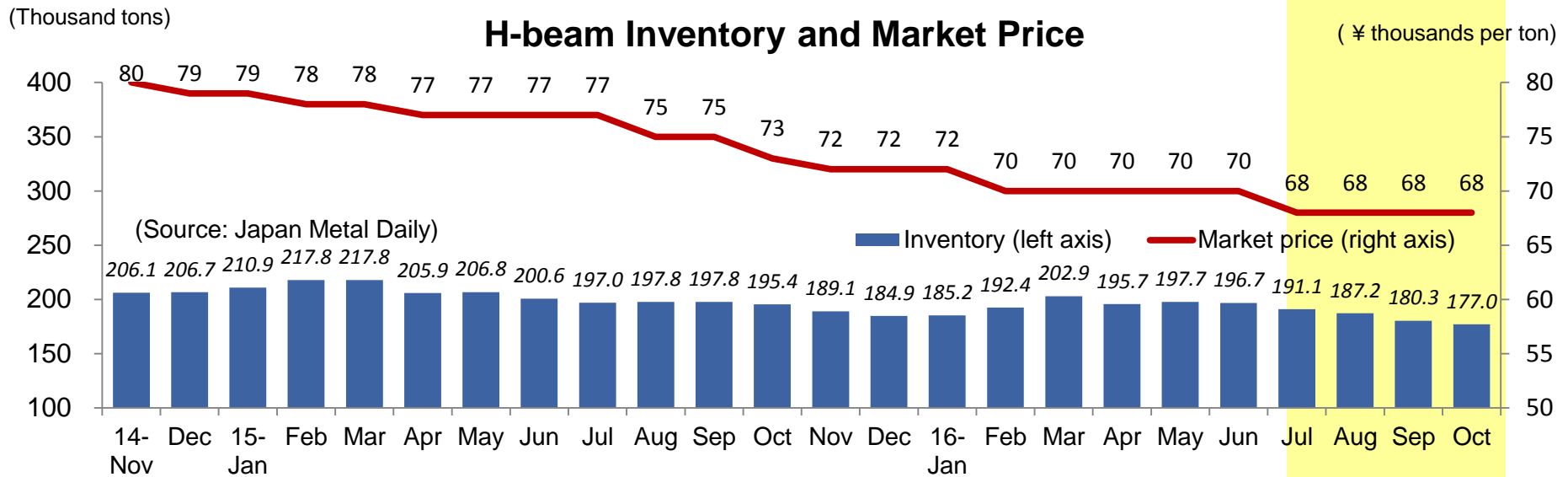
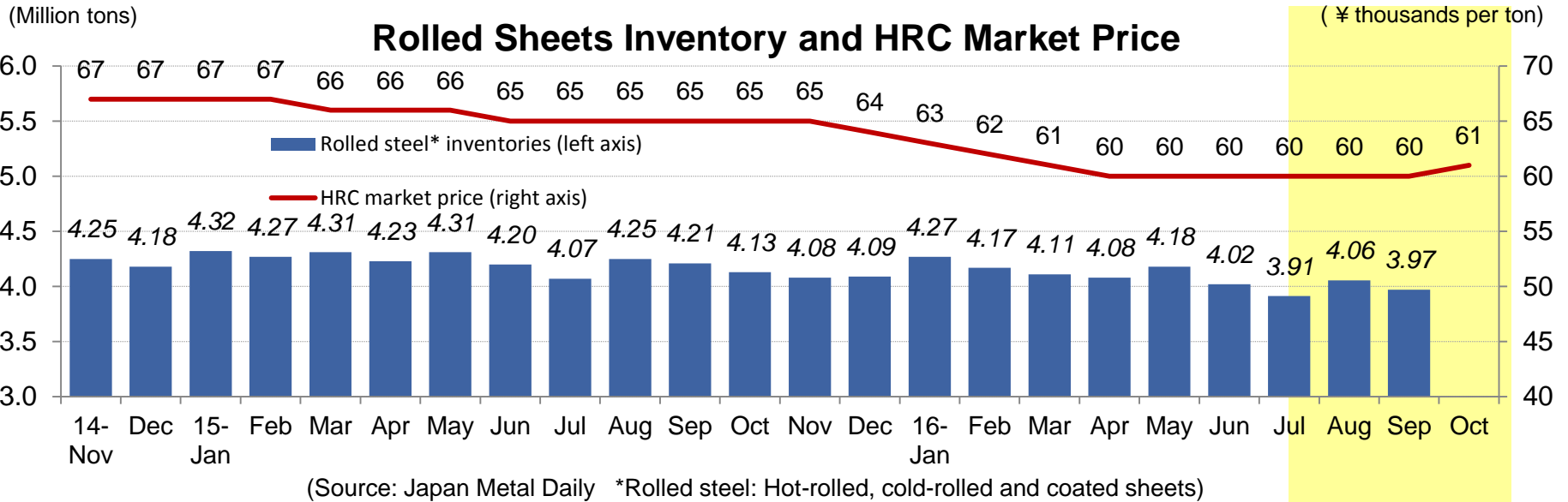
## Bid Prices of Export Scrap Steel



## Sales Volume of Ordinary Steel



# Steel Market in Japan



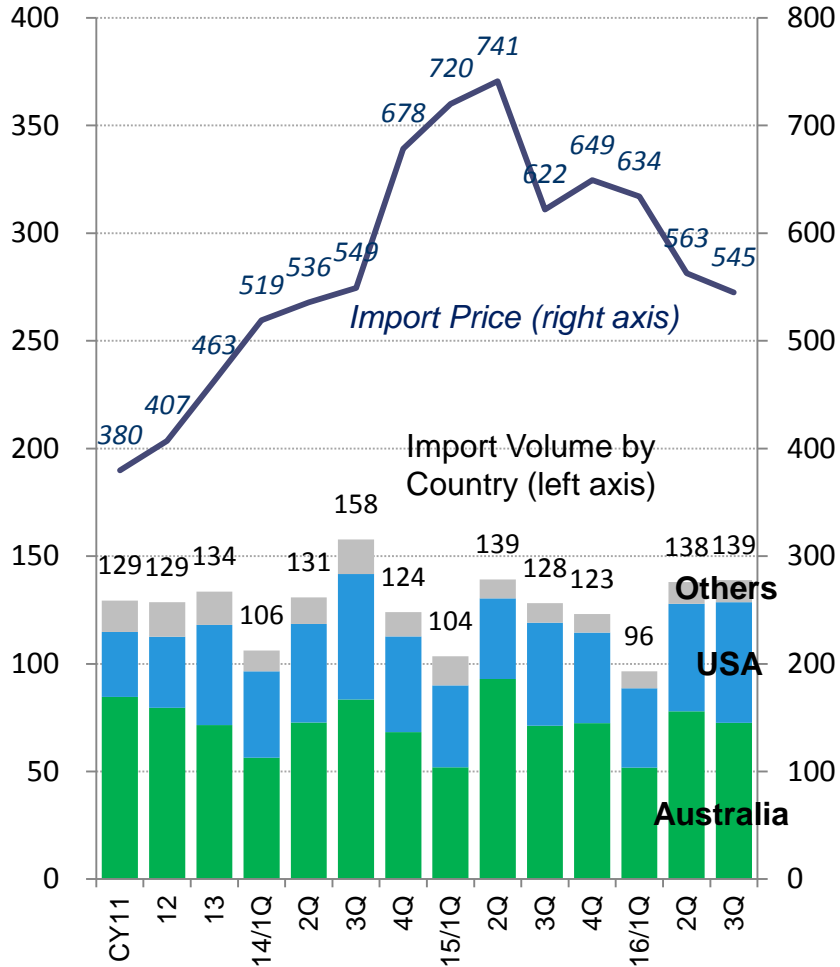
# Import Price and Volume Trend of Meats (1)

## Beef



(Thousand tons)

¥/kg



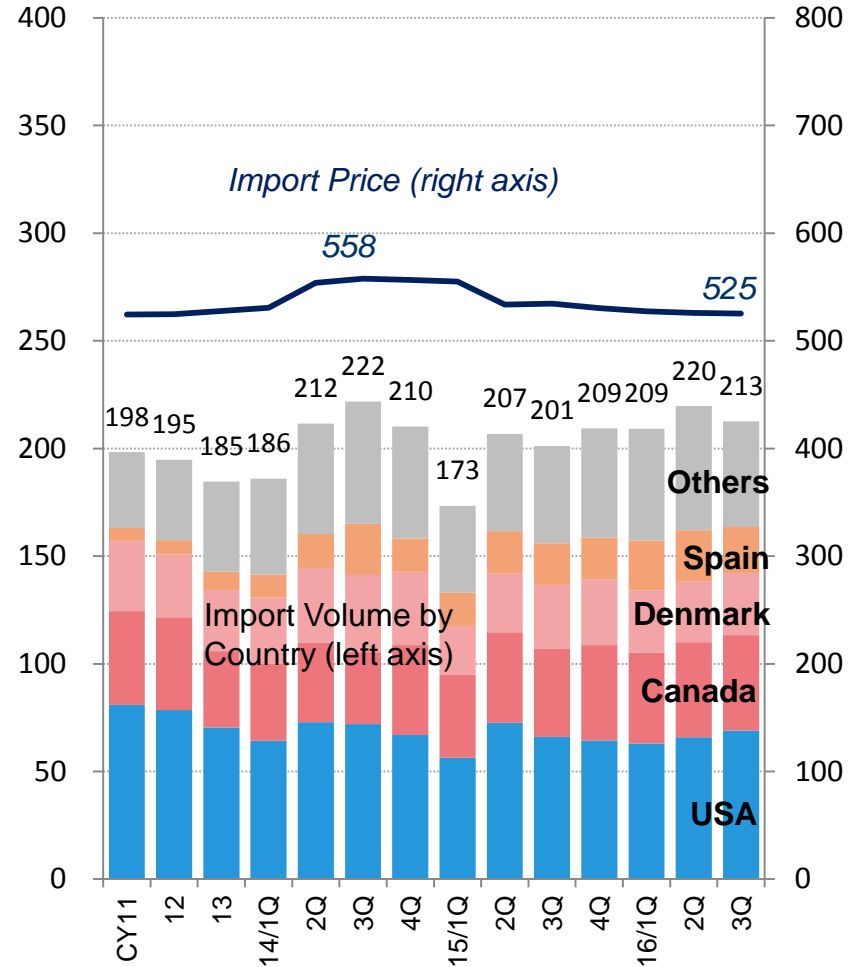
(Source: Custom)

## Pork



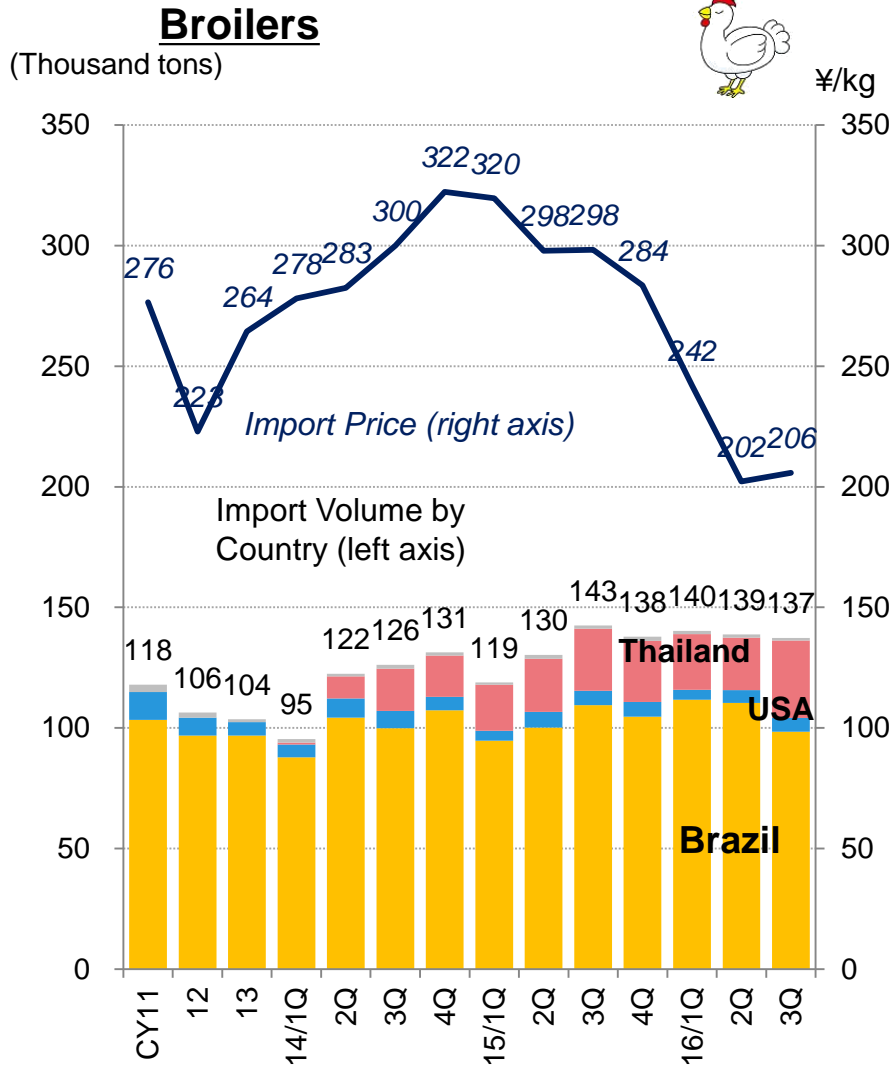
(Thousand tons)

¥/kg



(Source: Custom)

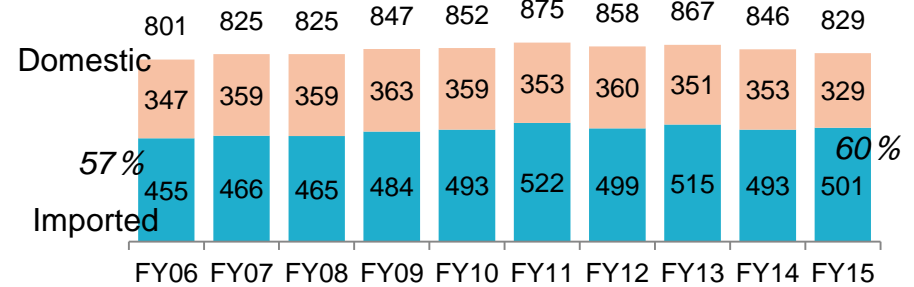
# Import Price and Volume Trend of Meats (2)



(Source: Custom)

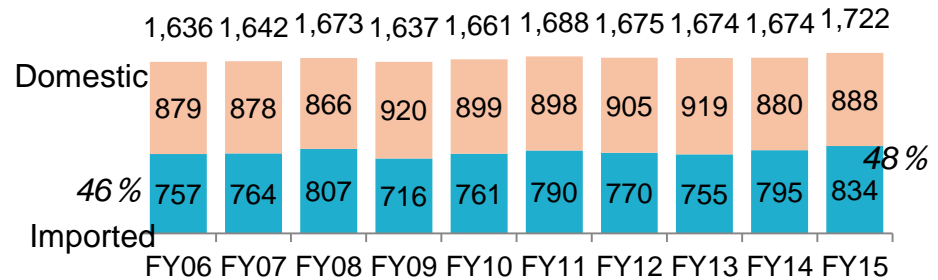
## Estimated Marketing Quantity of Beef

(Thousand tons)



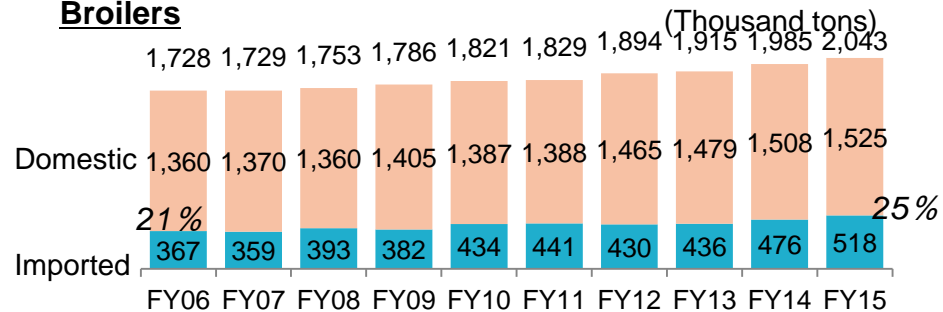
## Estimated Marketing Quantity of Pork

(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

*Textiles*

Strengthening ODM and  
Solutions Businesses

Developing Auto-parts  
Business and Industrial  
Parks

Expanding "Out to Out"  
Business in Asian Market

*I & I*

*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

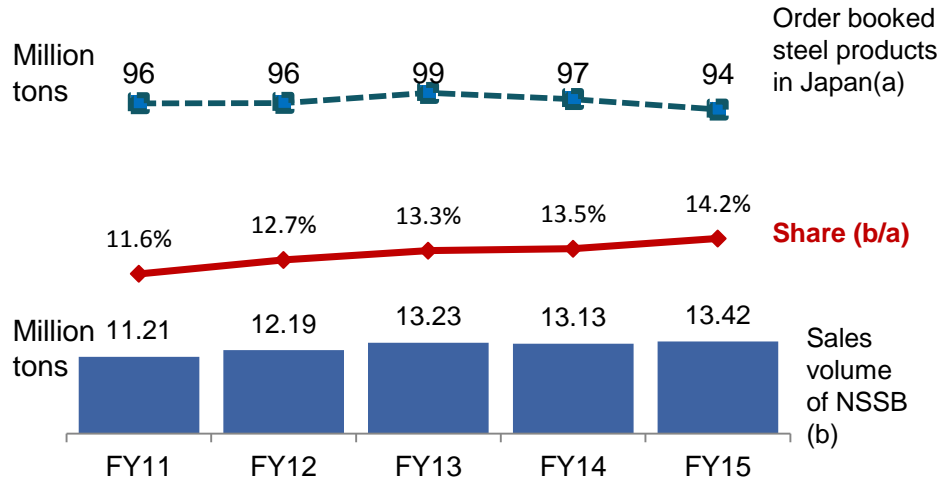
	FY17 target	(vs. FY14)
Net Sales	<b>¥2,300 billion</b>	(+9%)
Overseas Sales	<b>¥680 billion</b>	(+23%)
Ordinary Profit	<b>¥36 billion</b>	(+18%)
Net Profit	<b>¥36 billion</b>	(+18%)

## Financial Goals

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

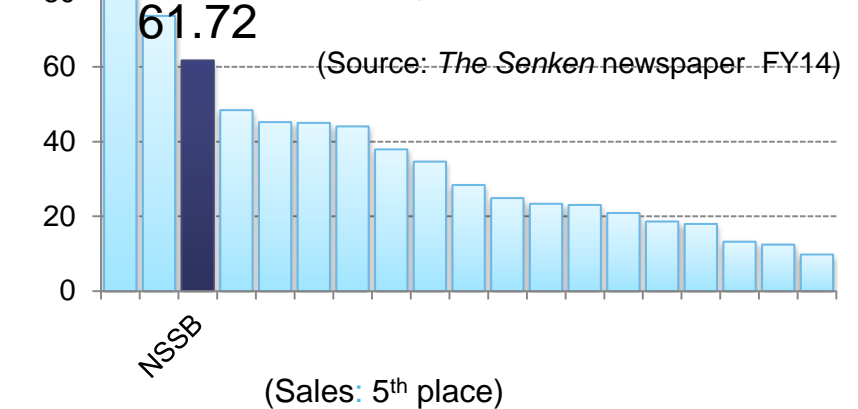
# Strong Position in Each Business Area

## ◆ Sales Volume of Steel



(Source: JISF, including semi-finished products)

## ◆ Gross Profit per Employee in Japanese Textiles Trading Company



## ◆ Railway Wheels and Axles

2<sup>nd</sup> biggest trader in Japan



## ◆ Headrest Stays for Automobiles



Global share approx. 13%

(Source: NSSB)

## ◆ NSSB's Import Share of Meats

	CY2013	CY2014	CY2015
Beef	4.3%	5.2%	5.0%
Pork	6.7%	8.4%	9.3%
Broilers	8.7%	8.3%	*6.9%

(Source: Customs statistics)

\*We controlled import volume to avoid a surplus in import chicken market



## 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**