

IR Meeting

Medium-Term Management Plan & Financial Results for FY2014



日鉄住金物産株式会社

NIPPON STEEL & SUMIKIN BUSSAN CORPORATION

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1. Our Profile & Business

Corporate Profile

Trade Name	NIPPON STEEL & SUMIKIN BUSSAN CORPORATION
Location	5-27, Akasaka 8-Chome, Minato-Ku, Tokyo, Japan
President	Kenji Hiwatari
Date of Establishment	August 2, 1977
Paid-In capital	12,335 million yen
Line of business	Marketing and imports/exports of steel, industrial supply and infrastructure, textiles, foodstuffs, and others
Number of Employees	1,479 (Non-Consolidated), 7,993 (Consolidated) (March, 2015)
Sales Bases	Japan : 31 (head office, 1 office, 13 branch offices, 16 sub-branch offices) Overseas : 36 cities in 17 countries
Financial Results	Net Sales : 2, 104 billion yen Operating Income: 28 billion yen Ordinary Income : 30 billion yen Net Income : 17 billion yen (March, 2015)

Corporate Philosophy and Management Principles

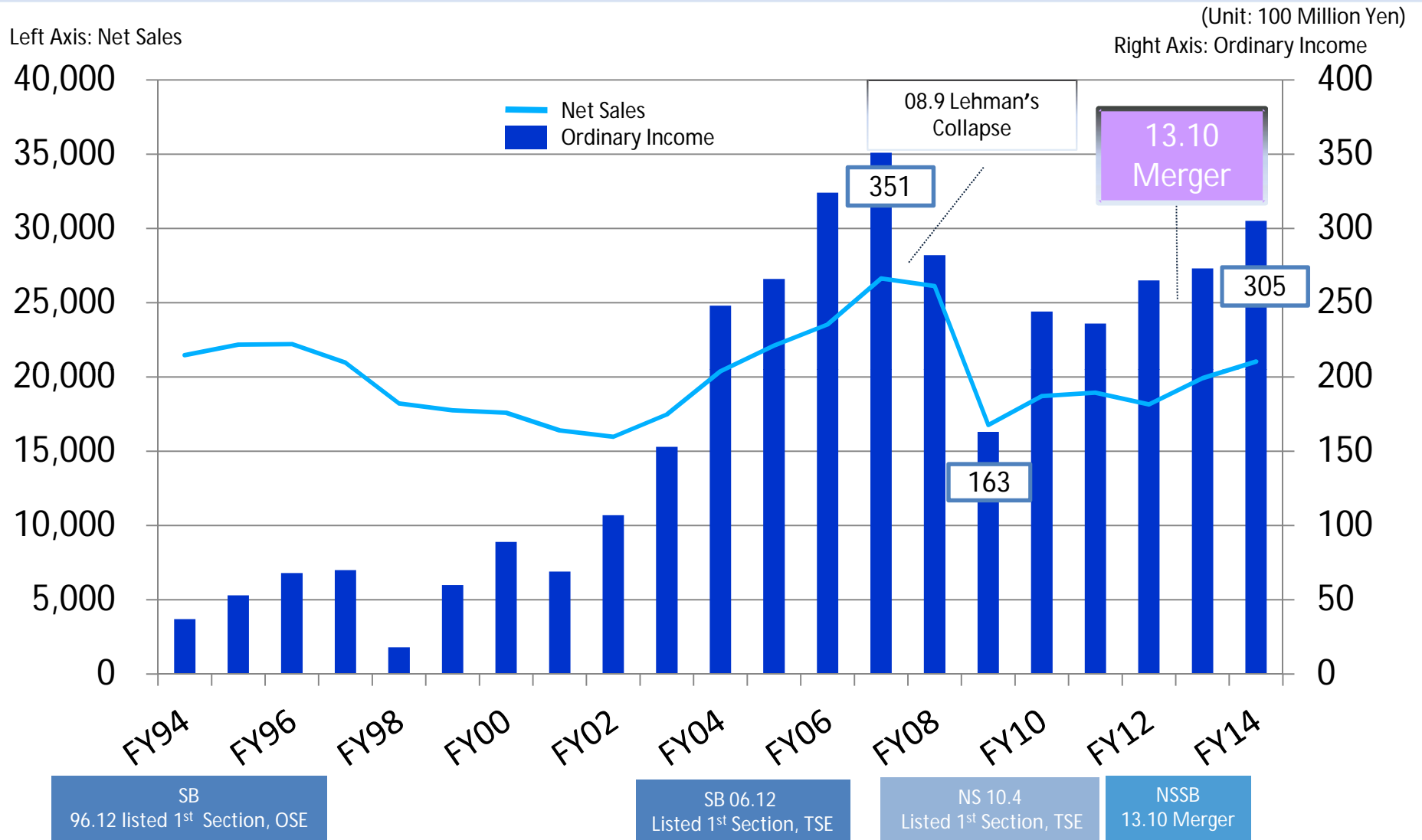
Corporate Philosophy

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 .

Management Principles

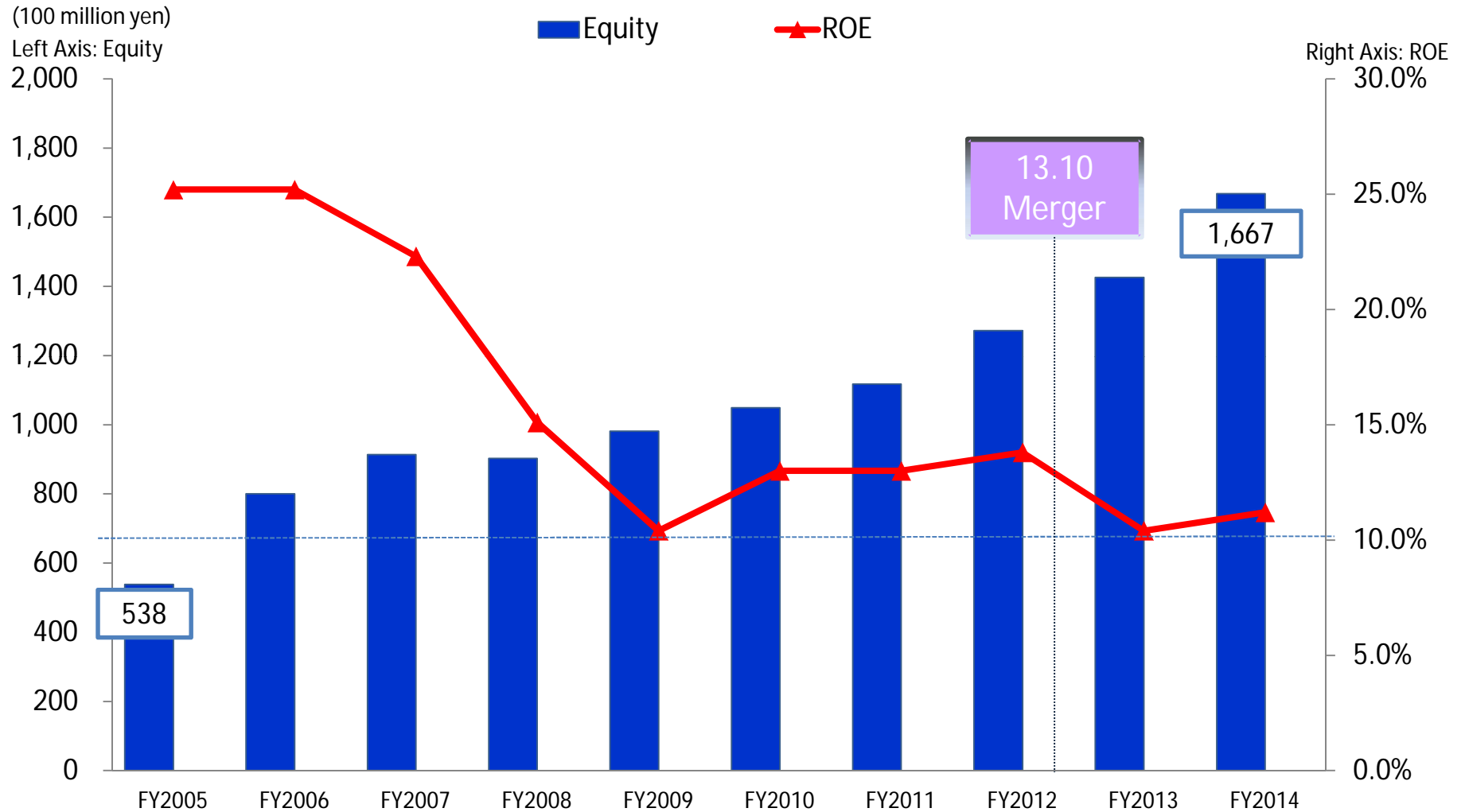
1. Strengthening and expanding the four areas of business that make NIPPON STEEL & SUMIKIN BUSSAN CORPORATION the core trading company of the NIPPON STEEL & SUMITOMO METAL CORPORATION GROUP .
2. Accelerating global strategies .
3. Bringing to bear all of our strengths as a multiple specialty trading company .
4. Enforcing strict corporate compliance .

History of Financial Results & Main Events



* Financial results up to and including FY2013 represent the sum of the respective results for Nippon Steel Trading Co., Ltd. (NS) and Sumikin Bussan Corporation (SB).
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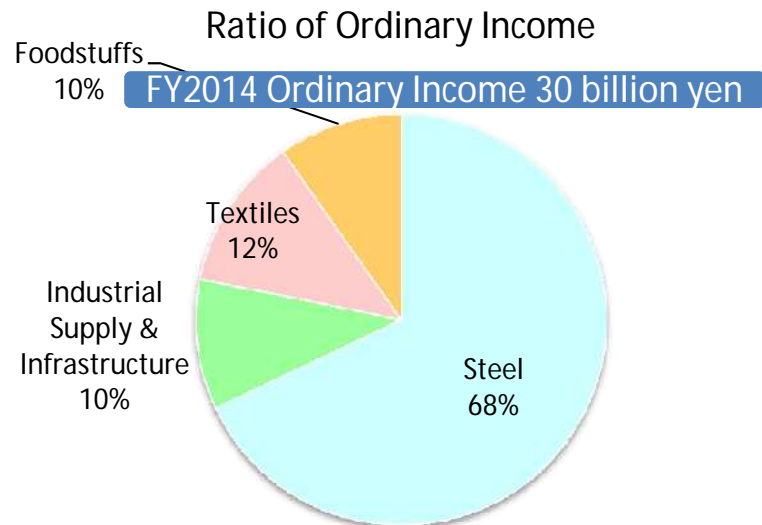
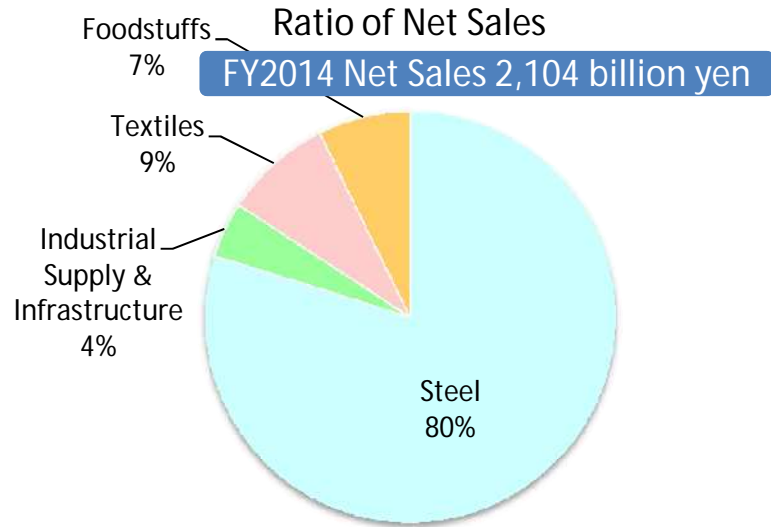
Equity and ROE for past 10 years



*1 Financial results up to and including FY2013 represent the sum of the respective results for NS and SB.


*2 Negative goodwill 11 billion yen in Net Income is excluded from the result of FY2013.

Our Business




Steel

- Domestic and overseas trading, processing of steel products
- Sales of raw materials and machineries to steel manufacturer




Industrial Supply & Infrastructure

- Industrial machinery and machine tools
- Automotive parts
- Railway cars parts
- Aluminum products
- Infrastructure business



Textiles

- OEM production for apparel & retailer
- Solution business (International logistics, overseas Brand business)



Foodstuffs

- Meat and processed foods
- Fishery products and processed foods
- Chain restaurant business



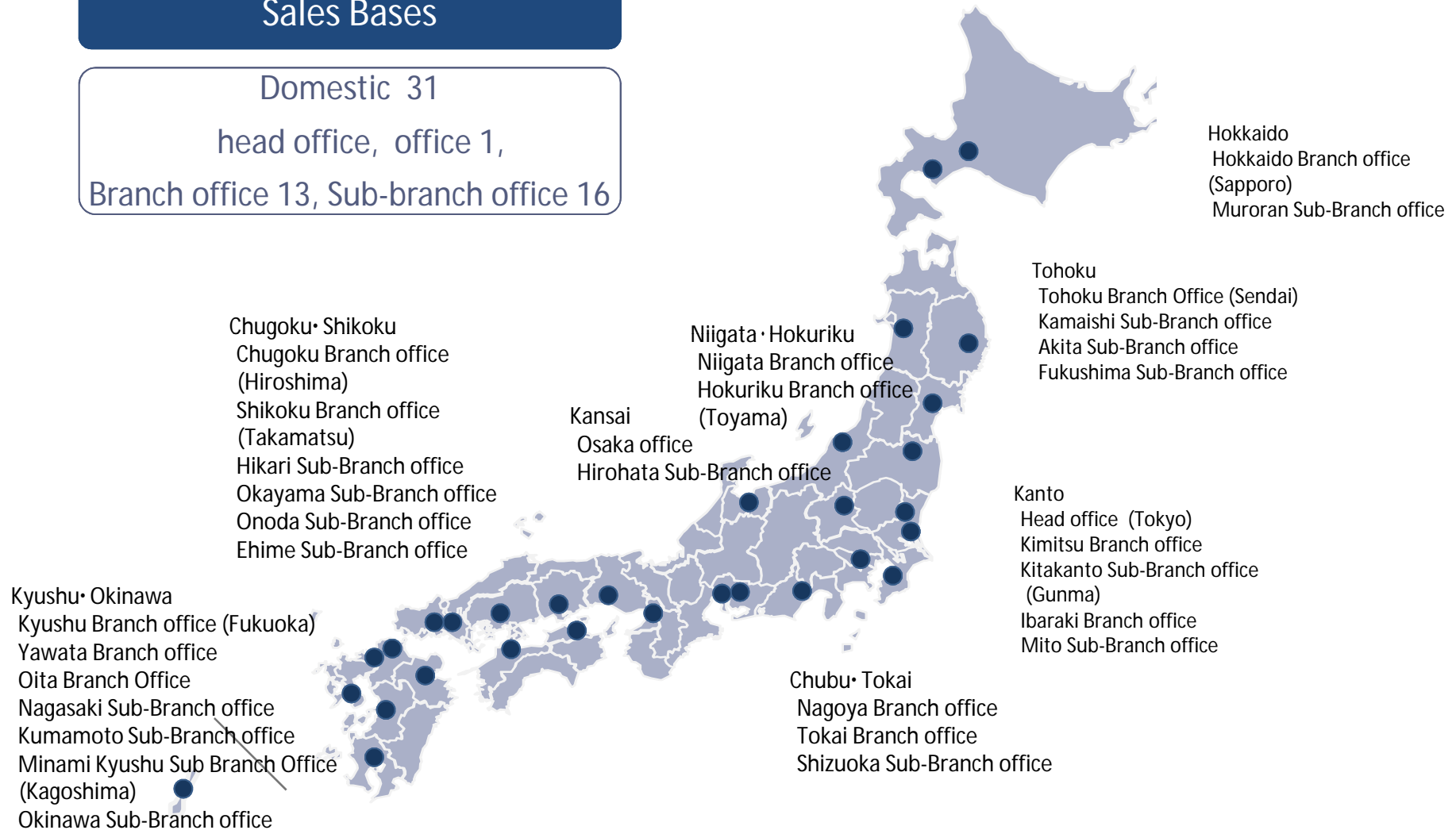
Domestic Sales Bases

Sales Bases

Domestic 31

head office, office 1,

Branch office 13, Sub-branch office 16



Overseas Sales Bases



Steel Business

Core trading company of NSSMC group

Proposal-based steel sales drawing on the technological prowess of NSSMC, which is aiming to be best steelmaker
 Business development based on a common strategy with the NSSMC group
 Procurement of raw materials and machineries

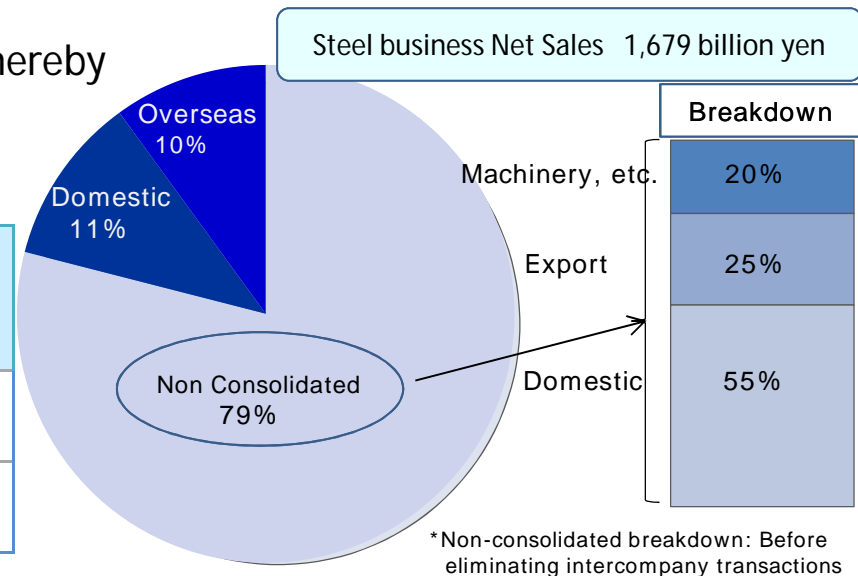


Domestic and global value chain

An intricate domestic and global network integrated through many sales branches
 Processing companies that create added value, thereby increasing customer satisfaction

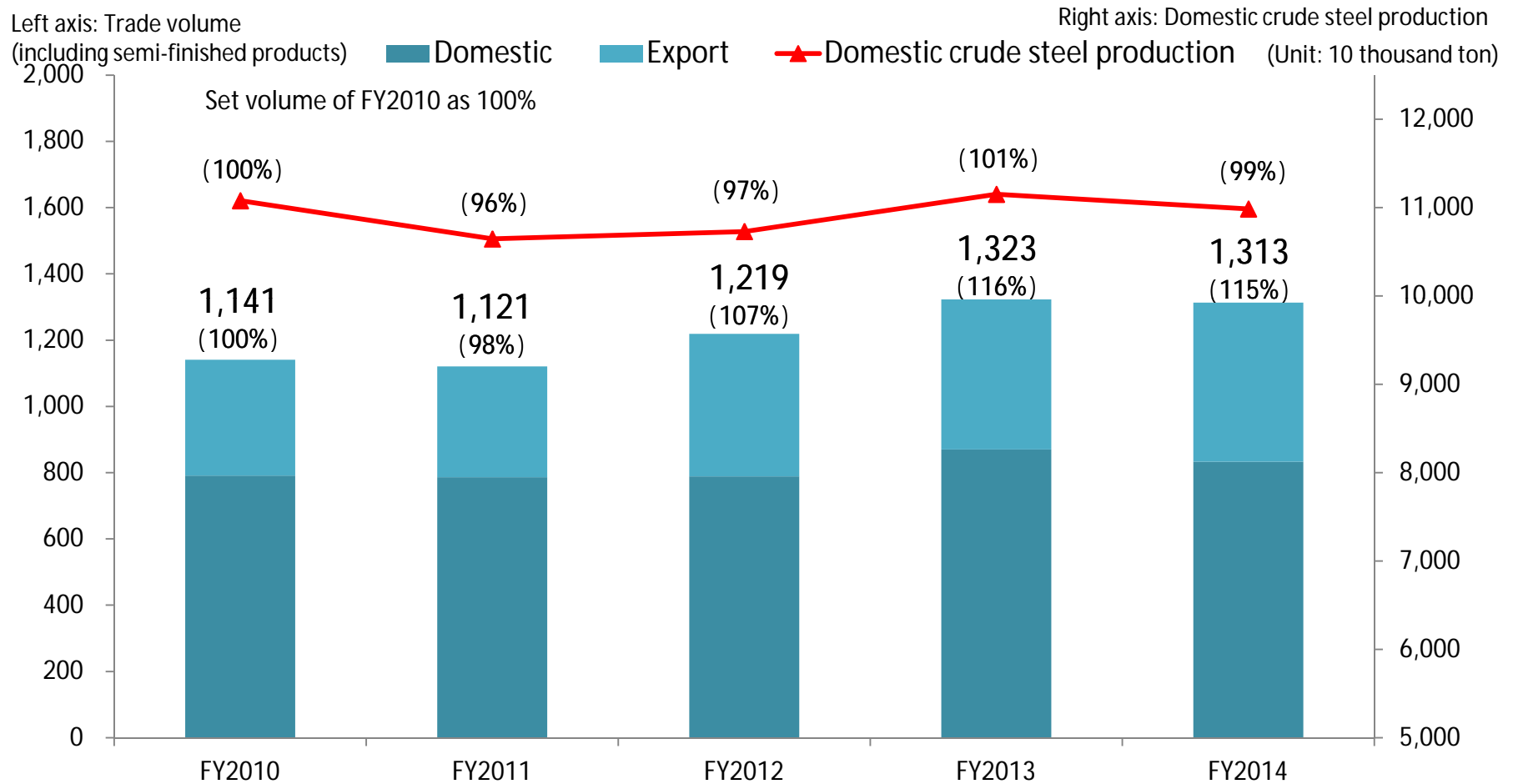
Processing companies

	Subsidiaries · Equity method affiliated companies				Total
	Coil Center Processing	Construction	Pipe, Rod & Bar	Others	
domestic	12	7	10	4	33
overseas	16	-	3	6	25



Steel Business

We have improved trade volume by capturing increasing demand

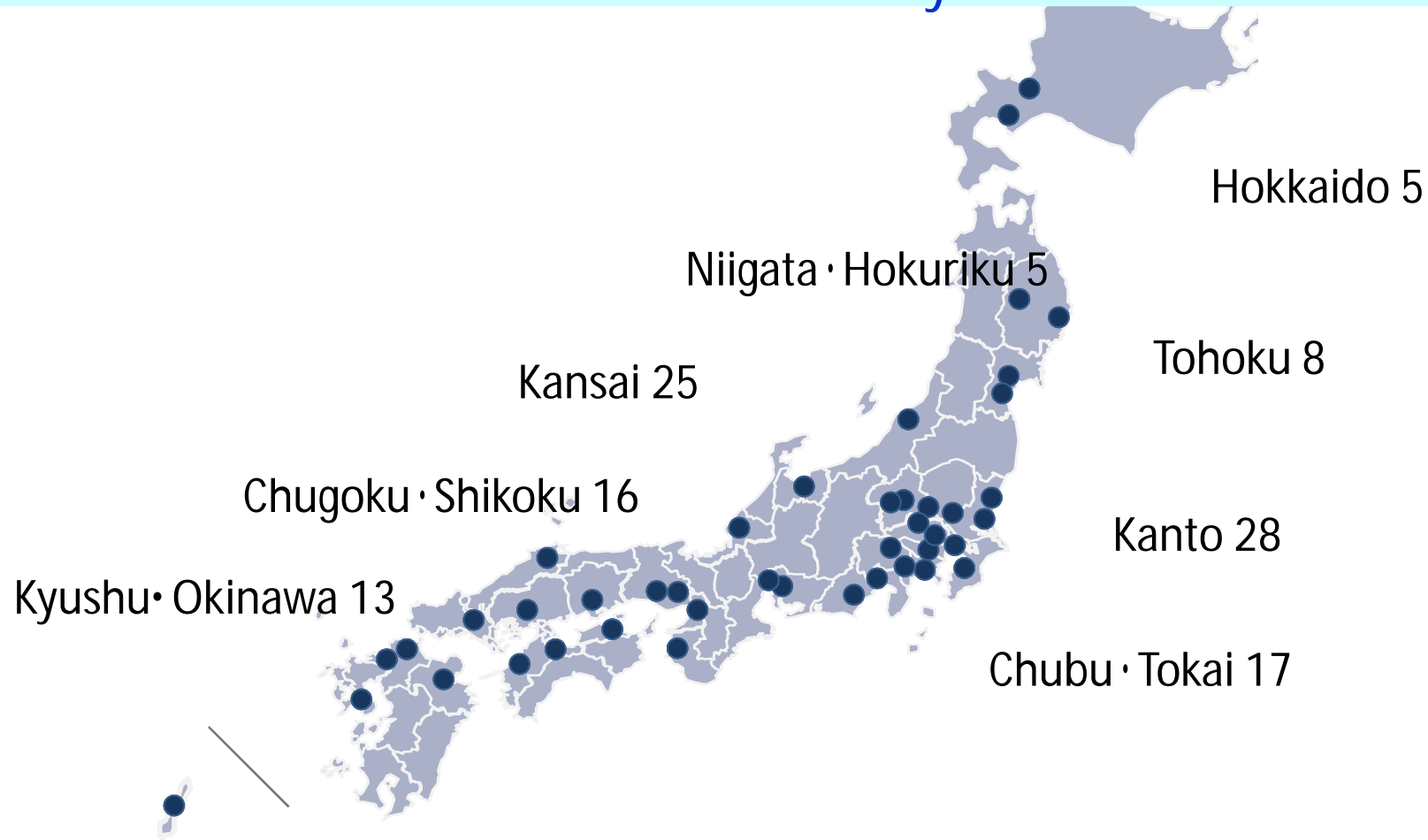


*Financial results up to and including FY2013 represent the sum of the respective results for NS and SB.

Source: Domestic Crude Steel Production, The Japan Iron and Steel Federation.

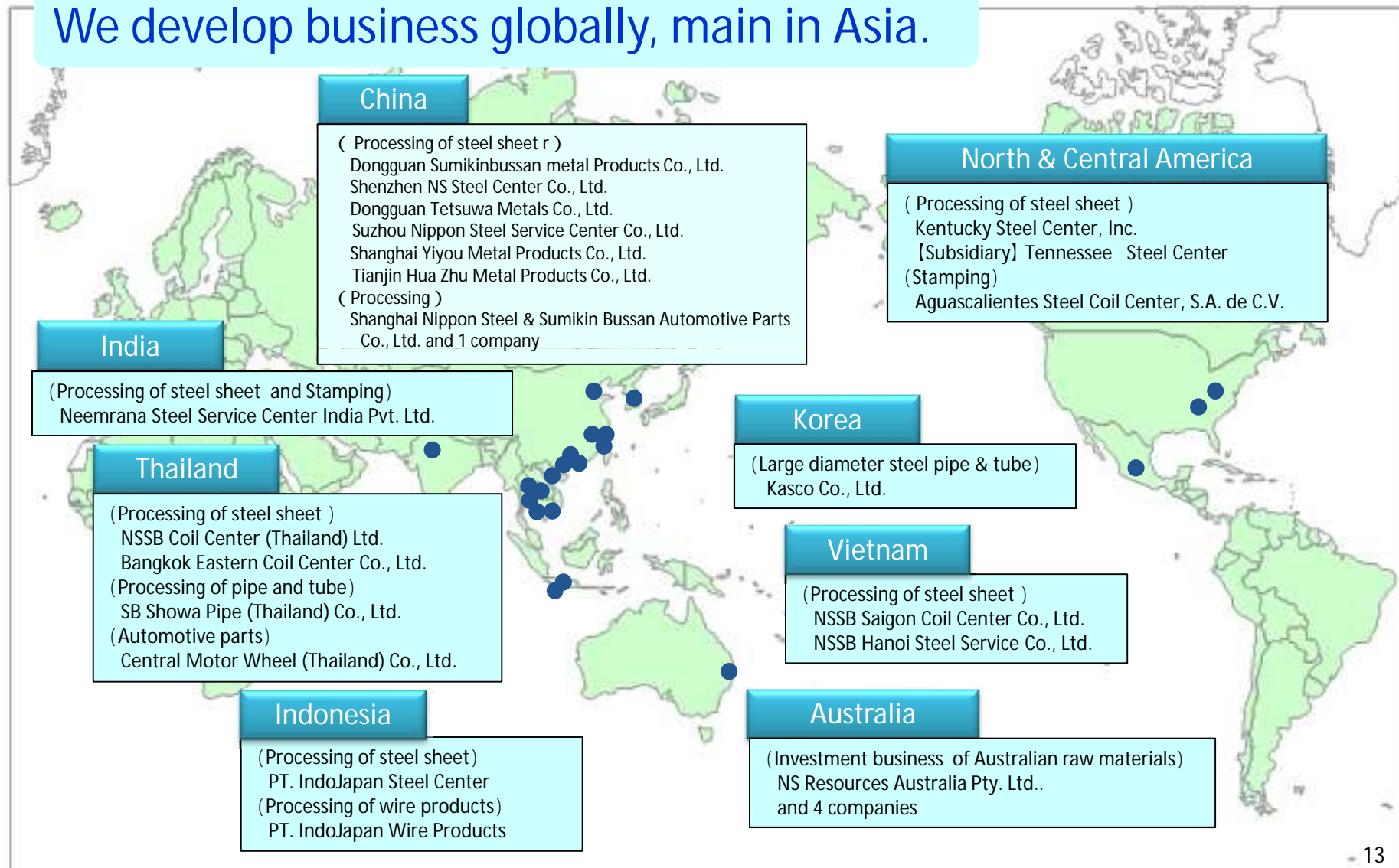
Steel Business

Domestic Subsidiaries Network : 117 (Total of Sales and Processing)
We can meet customers' demand timely.



Steel Business

We develop business globally, main in Asia.



Industrial Supply & Infrastructure Business



Sales of industrial machinery and machine tools

Sales of machine tools and parts to US market and sales of large compressor and industrial machinery to Russian market



Sales and manufacturing of automotive parts

Sales and manufacturing of automotive parts (headrest parts, transmission parts, cast and forged steel)



Sales of railway cars parts

Sales of wheels and axles, and rail re-profiling vehicles



Sales of aluminum products, etc.

Sales of aluminum products, wrought copper and copper alloy products, metal silicon, carbon fiber, etc.

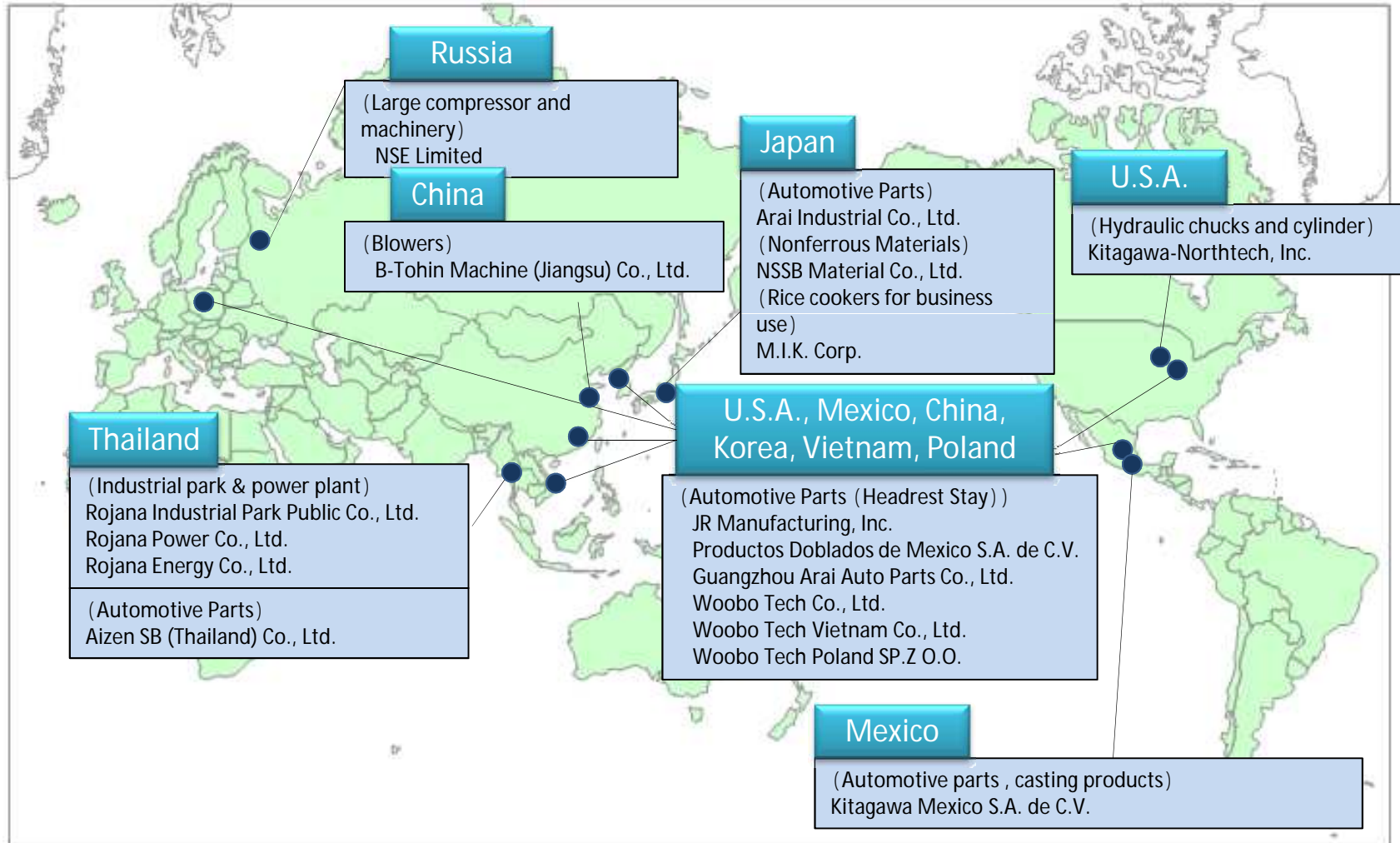


Infrastructure business

Industrial park operation and sales, electric power plant business in Thailand

Industrial Supply & Infrastructure Business

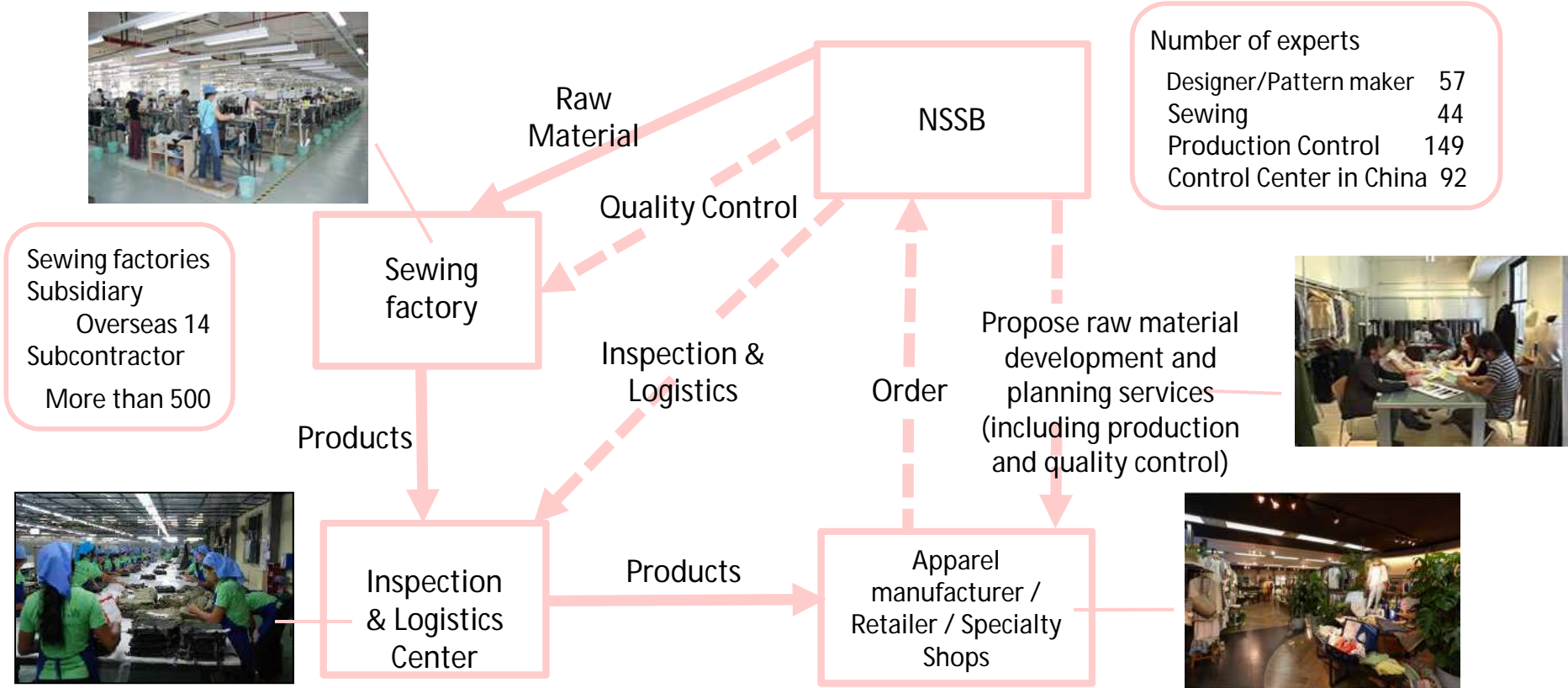
We develop business globally, particularly automotive parts.



Textiles Business

Leading the field in Original Equipment Manufacturing (OEM)

Our main products are fashion wear for men, ladies and children, and school uniform, workwear, sportswear, inner wear, bedding products and accessories. Import procurements account for 80% of the total (of these, China = 70%, and ASEAN etc. = 30%). We offer services that cover the whole range of operations from development of raw materials to planning, production, logistics, and quality control.



Textiles Business

Development of ODM business

- Utilizing the planning and proposal capabilities and logistical know-how accumulated through our experience in OEM, we are developing our ODM (original design manufacturing) business, wherein we proactively make proposals from the early merchandise planning stage.

Expansion of solution business

- We are developing the radio IC tag business and international logistics service in ASEAN countries and China.
- We are supporting the development of overseas brands in Japan through multifaceted services, including production, marketing, and logistics.

Foodstuffs Business

Pioneer of imported meat

We maintain a dominant share in the imported meat market by utilizing our close relationship with overseas suppliers; a relationship that has been forged over many long years of business.

Beef

Main suppliers: U.S.A and Australia

We also focus on tri-national trade oriented toward Southeast Asia and Wagyu (Japanese style raised beef) exports.

Pork

Main suppliers: Denmark, Netherlands, U.S.A., and Spain

We also focus on tri-national trade oriented toward Southeast Asia.

Chicken

Main suppliers: Brazil, U.S.A. and Thailand

Processed Food

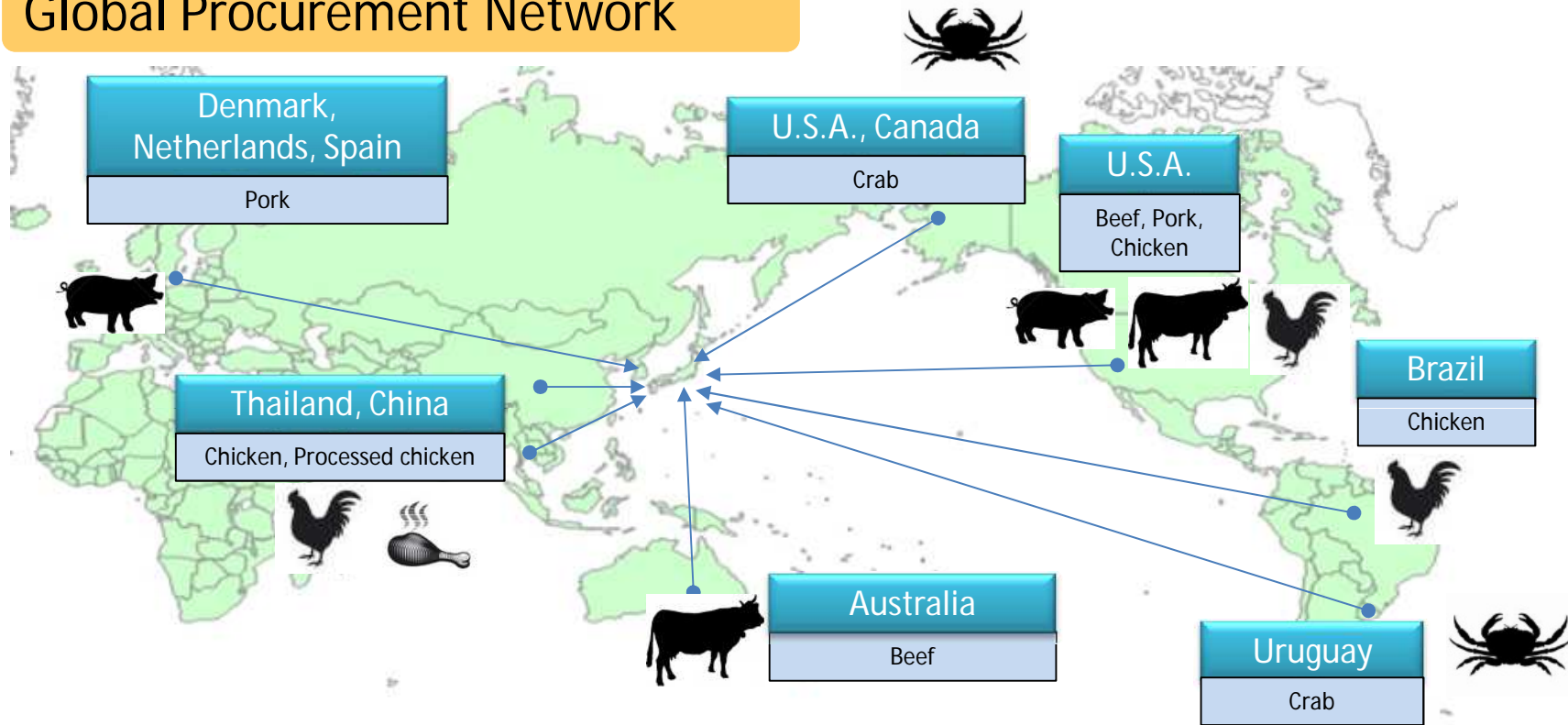
Main Suppliers: (Processed chicken) Thailand and China
(Fishery products) Alaska, Canada and Uruguay
(Agricultural products) New Zealand

Development of restaurant chain business

Our subsidiary Tsubohachi Co., Ltd. is developing a chain of Izakaya (Japanese-style bars) in Southeast Asian countries, including Thailand, Singapore, Malaysia and Indonesia.

Foodstuffs Business

Global Procurement Network



We have established a department specializing in safety management ahead of other companies in the industry.

- Production and processing sites are submitted to regular audits, travelling coaching, and production attendance
- Raw materials and products are checked before shipment via an inspection company in whom we have invested

2. Financial Results for FY2014

FY2014 Consolidated Financial Results

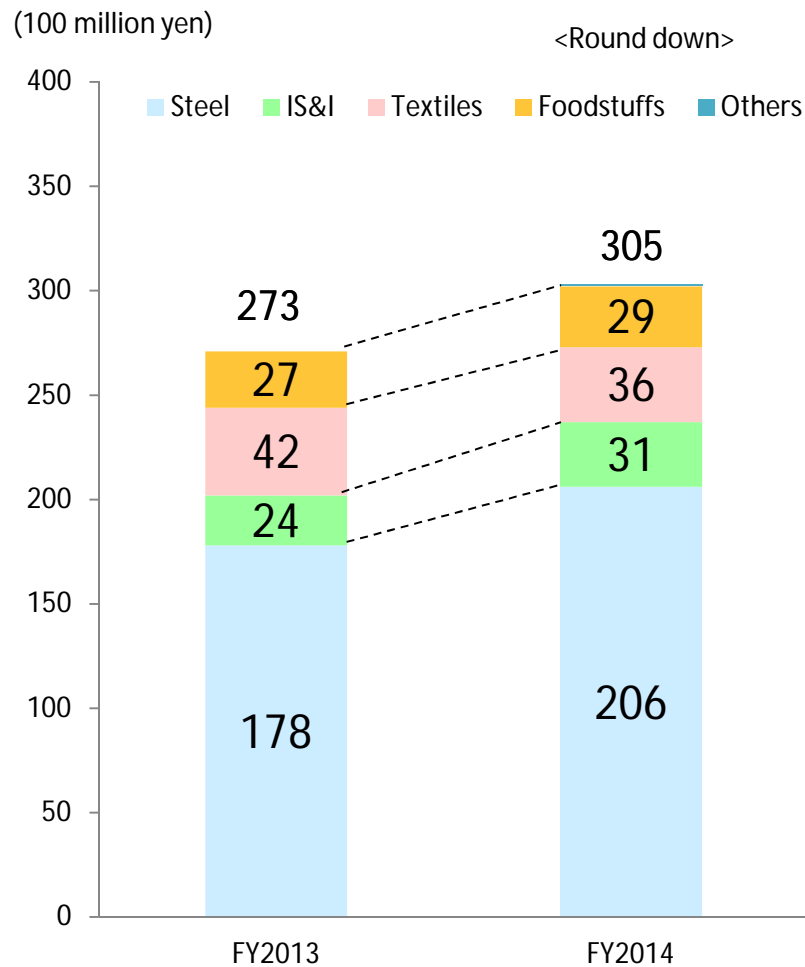
(Unit : 100 million yen)

	FY2013 1	FY2014	Difference	
			Amount	Percentage
Net Sales	19,915	21,046	1,131	6%
Operating Income	262	286	24	9%
Ordinary Income	273	305	32	12%
Net Income 2	140	174	34	24%

1 Financial Results of FY2013 is calculated by simple adding up of NS and SB.

2 Negative goodwill 11 billion yen in Net Income is excluded from the result of FY2013.

FY2014 Analysis of Change in Ordinary Income



*Financial results up to and including FY2013 represent the sum of the respective results for NS and SB.

Business	Factor
Steel	Ordinary income increased due to higher domestic sales prices and increased export sales. Moreover, expenses were down due to the effects of the merger.
Industrial Supply & Infrastructure	Ordinary income increased due to an increase in Russia-bound exports of steel products for pipelines, and the contribution to earnings from solar power generation projects.
Textiles	Ordinary income decreased due to the rapidly weakening yen and poor performance among some of the group companies.
Foodstuffs	Ordinary income increased due to the favorable performance of the meat import business, which was buoyed by increased sales of imported pork.

Consolidated Financial Position and Consolidated Cash Flow

(Unit : 100 million yen)

Consolidated Financial Position

	FY2013	FY2014	Difference
Net Assets	1,575	1,836	261
Total Assets	6,423	6,928	505
Interest-bearing debt	1,895	2,062	167
Equity capital per share (Yen)	461.22	539.43	78.21
Equity ratio (%)	22.2	24.1	-
NET DER (time)	1.1 time	1.1 time	-

Consolidated Cash Flow

	FY2013	FY2014	Difference
Cash flows from operating activities	169	52	221
Cash flows from investing activities	118	115	3
Cash flows from financing activities	213	40	173
Net increase (decrease) in cash and cash equivalents	41	2	43
Cash and cash equivalents at end of period	260	273	13

Financial Results of FY2013 is calculated by simple adding up of NS and SB.

Effect of exchange rate is not included in Net increase (decrease) in cash and cash equivalents.

3. Medium-Term Management Plan (FY2015-FY2017)

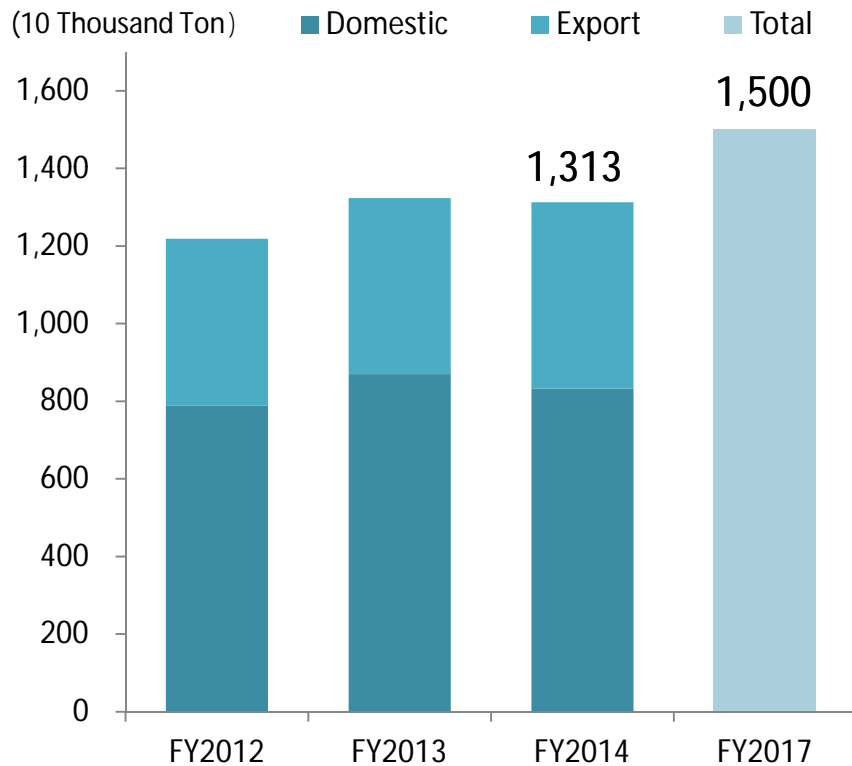
Medium-Term Management Plan Theme

- 1 . Promote growth strategies building on our strengths
 - (1) Gain greater market share in the steel market
 - (2) Develop automobile parts and infrastructure businesses globally
 - (3) Strengthen/expand apparel ODM and solutions businesses
 - (4) Strengthen/expand overseas foodstuffs business
- 2 . Maintain/improve our industry-leading competitiveness
 - (1) Pursue safety, reliability and quality
 - (2) Improve productivity and operational efficiency
 - (3) Establish sound organizational and administrative infrastructure
- 3 . Investment Framework, Number of Employees
- 4 . Quantitative Targets (consolidated)
- 5 . Dividend Policy

Medium-Term Management Plan 1. Promote growth strategies building on our strengths

(1) Gain greater market share in the steel market

Trade Volume Target



*Financial results up to and including FY2013 represent the sum of the respective results for NS and SB.

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- Share strategies and organizational resources as the core trading company of the NSSMC Group.
- Provide processing, distribution, sales, and procurement services inside and outside Japan that precisely meet the needs of manufacturers and customers.
- Increase the volume of overseas transactions by building a marketing network and forging local distribution channels for NSSMC Group products manufactured overseas.
- Handle a greater range of non-NSSMC Group products in order to respond to customer's needs flexibly.

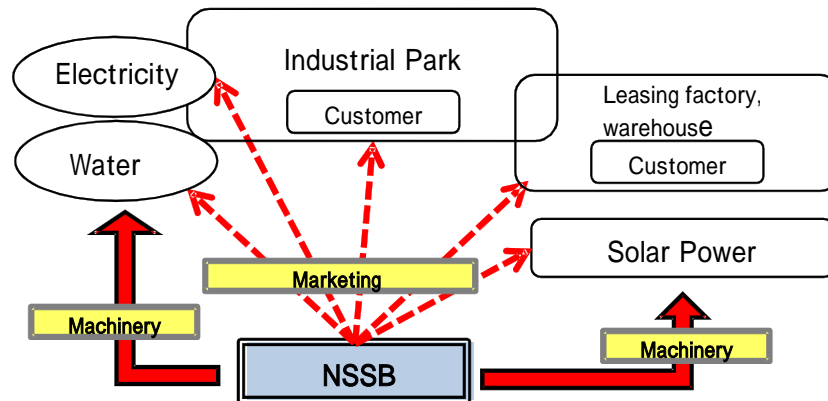
Medium-Term Management Plan 1. Promote growth strategies building on our strengths

(2) Develop automobile parts and infrastructure businesses globally

Headrest parts Target

- FY2014: Sales amount 20 billion yen
World share 13% (estimation)
- FY2017: Sales amount 28 billion yen
World share 15% (estimation)

Business model of Industrial park



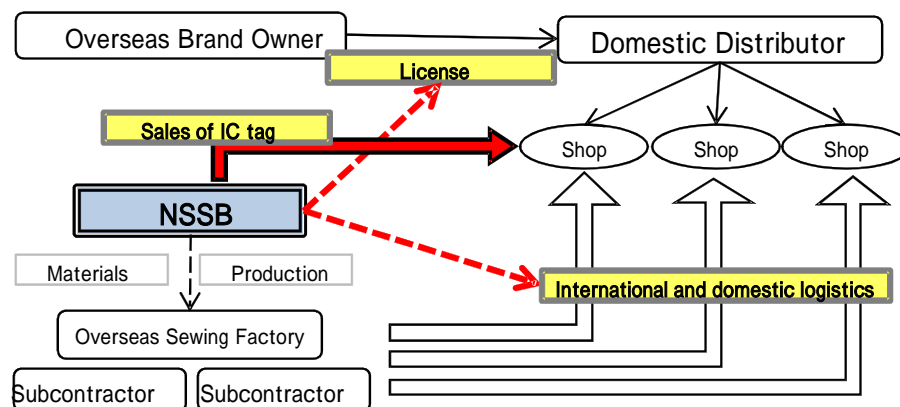
- We will proactively expand the automobile parts and infrastructure businesses, for which the world markets are expected to grow.
 - Increase sales for automobile headrest parts in Asia and North and Central America
 - Expand the cast and forged steel product business in Thailand and Mexico
- We will expand the business in Thailand via Rojana Industrial Park Co., Ltd.
 - Open two new industrial parks in the southeast of Bangkok
 - Strengthen cooperation with the biggest factory & warehouse rental company in Thailand
- Using Rojana as a base, we will promote further business ASEAN countries.

(3) Strengthen/expand apparel ODM and solutions businesses

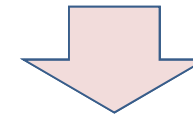
ODM business sales ratio Target

- FY2014: 30% of textiles business
- FY2017: Expanding up to 50%

Business model of solution business



- We will expand the business domain utilizing our planning and proposal capabilities and wide-ranging know-how cultivated through OEM business.



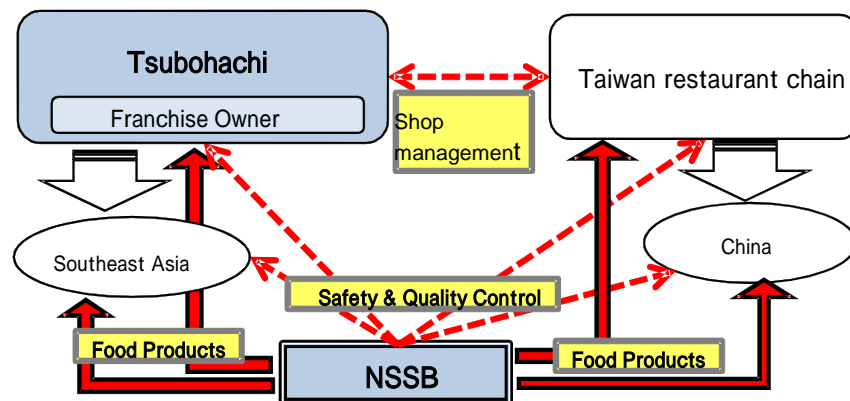
1. Develop to ODM-style business (proposals from the early merchandise planning stage)
2. Expand business domain by developing brand and logistics solutions businesses

(4) Strengthen/expand overseas foodstuffs business

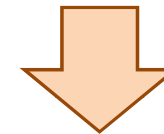
Overseas sales Target

- FY2014: 5 billion yen
- FY2017: 7 billion yen (+ 2 billion yen)

Business model of Restaurant and Overseas Business



- Respond to the shrinking domestic market, which is caused by depopulation and the decreasing birthrate and aging population



1. Expand beef and pork transactions in Southeast Asia.
2. Expand Wagyu (Japanese style raised beef) exports
3. Expand local sales by utilizing overseas sales networks
4. Develop Tsubohachi restaurant franchise business overseas, particularly in Southeast Asia

(1) Pursue safety, reliability and quality

【Steel and Industrial Supply & Infrastructure】

Technical Support & Safety Management Department will take the lead in efforts to strengthen safety operation and product quality measures.

【Textiles】

Textile Quality & Security Department will take the lead in efforts to further raise the level of factory management and quality management.

【Foodstuffs】

Food Quality Assurance Department will work to strengthen management control, particularly in the field of processed foods.

(2) Improve productivity and operational efficiency

【Steel and Industrial Supply & Infrastructure】

Improve capabilities and performance of processing and distribution functions

Advance proactively integration and streamlining among domestic and overseas processing and distribution companies of our group

【Textiles】

Improve production efficiency of group factories

Secure our exclusive production lines among subcontractors

Streamline order processing and general administration in head office

【Foodstuffs】

Enhance procurement routes for import meats and search for and support overseas meat packers (meat processing firms) suitable for the domestic and overseas market

(3) Establish sound organizational and administrative infrastructure

We will optimize the designs of organizational and administrative processes as an integrated company, and develop and install a new, main business information system based on such designs (scheduled launch date: April 2016).

We will establish a business foundation and cultivate and deploy human resources as necessary.

- Strengthen management/support of group companies (particularly support structure of overseas companies)
- Cultivate global human resources

We will enforce strict corporate compliance and strengthen risk management.

Medium-Term Management Plan 3. Investment Framework, Number of Employees

Investment Framework

Total Amount 45.0 billion yen (total for three years)

[Reference : The actual amount invested during FY2012-FY2014 was 35.8 billion yen.]

Consider proactively strategic investment, including mergers and acquisitions in each business field

Number of Employees

Keep employee numbers at the current level of 1,850 – 1,900 by improving operational efficiency (non-consolidated, includes domestic and overseas secondees)

Medium-Term Management Plan

4. Quantitative Targets

	FY2017	(Reference) FY2014 results
Net Sales	2,300.0 billion yen	2,104.6 billion yen
(Overseas Net Sales)	(680.0 billion yen)	(553.3 billion yen)
Ordinary Income	36.0 billion yen	30.5 billion yen
Net Income	21.0 billion yen	17.4 billion yen
Equity	More than 200.0 billion yen	166.7 billion yen
Equity Ratio	Around 25% - 30%	24.1%
Net debt-to-equity ratio	Less than 1 time	1.06 times
ROE	Maintain 10% and above	11.2%

(Note) Net income for FY2017 is “net income attributable to owners of parent”.

5. Dividend Policy

From FY2015, we will increase the consolidated dividend payout ratio from around 20% to 25%-30%.

Medium-Term Management Plan Target per segment

(Unit : 100 million yen)

	FY2014 Result	FY2017 Target	Difference	
			Amount	Ratio
Net Sales				
Steel	16,796	18,400	1,603	10%
Industrial Supply & Infrastructure	924	1,000	75	8%
Textiles	1,781	2,000	218	12%
Foodstuffs	1,529	1,600	70	5%
Others	12	-	-	-
Total	21,046	23,000	1,953	9%
Ordinary Income				
Steel	206	240	33	16%
Industrial Supply & Infrastructure	31	34	2	9%
Textiles	36	54	17	47%
Foodstuffs	29	32	2	8%
Others	1	-	-	-
Total	305	360	54	18%

4. Projected Financial Results for FY2015

Projected Consolidated Financial Results for FY2015

(Unit : 100 million yen)

	Projected FY2015		FY2014
	2015.9 (2Q cumulative)	2016.3 (full fiscal year)	Result
Net Sales	10,300	21,200	21,046
Operating Income	135	295	286
Ordinary Income	135	310	305
Net Income	78	175	174
Dividend	Projected interim dividend 7.5Yen	Projected full year dividend 15.0Yen	Full year dividend 2 12.0Yen
Consolidated dividend payout ratio	1 26.5%		21.3%

- 1 From FY2015, we will increase the consolidated dividend payout ratio from around 20% to 25%-30%.
- 2 A year-end dividend of ¥6 per share (¥12 for the term after adding the ¥6 interim dividend) will be proposed at the Ordinary General Meeting of Shareholders.

The current material is not subject to the audit procedures based on the Financial Instruments and Exchange Law and it does not guarantee the accuracy and the completeness of the material.

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