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Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2018 (Japanese GAAP)

February 2, 2018
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL & SUMIKIN BUSSAN CORPORATION**
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Quarterly securities report to be submitted: February 14, 2018
Start of cash dividend payments: –
Supplementary materials: Yes (Japanese only)
IR conference: No

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Third Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to December 31, 2017)

(1) Consolidated Operating Results (Cumulative) (%: change from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FYE March 31, 2018	1,526,811	15.9	23,214	10.5	26,118	22.4	17,477	25.3
3Q FYE March 31, 2017	1,317,111	(9.9)	21,005	5.1	21,346	(1.2)	13,952	7.9

Note: Comprehensive income
3Q FYE March 31, 2018: ¥23,810 million (135.0%)
3Q FYE March 31, 2017: ¥10,133 million (0.8%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3Q FYE March 31, 2018	565.42		–	
3Q FYE March 31, 2017	451.33		–	

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, earnings per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2017	801,865		223,820		25.8	
As of March 31, 2017	673,078		206,187		28.2	

Reference: Equity capital
As of December 31, 2017: ¥207,096 million
As of March 31, 2017: ¥189,906 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2017	-	7.50	-	105.00	-
FYE March 31, 2018	-	90.00	-		
FYE March 31, 2018 (Est.)				90.00	180.00

Note: Revisions of dividends projections since most recent announcement: None

Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the field for total annual dividends per share for the fiscal year ended March 31, 2017 displays a hyphen (-). When the share consolidation is counted, the dividends per share for the second quarter-end of the fiscal year ended March 31, 2017 are ¥75.00 and total annual dividends are ¥180.00.

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

(%: change from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	2,050,000	11.3	32,500	5.4	34,000	10.0	20,000	9.7	647.01

Note: Revisions of earnings projections since most recent announcement: None

* Notes

- (1) Material changes in consolidated subsidiaries during the cumulative consolidated period (changes in specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Use of special accounting methods for creating quarterly consolidated financial statements: None
- (3) Changes of accounting policies, changes of accounting estimates and retrospective restatements
 - i. Changes in accounting policies resulting from changes in accounting standards, etc.: None
 - ii. Other accounting policy changes: None
 - iii. Changes in accounting estimates: None
 - iv. Restatements: None
- (4) Number of shares outstanding (common shares)
 - i. Number of shares outstanding at the end of the period (including treasury shares)

As of December 31, 2017	30,957,800 shares
As of March 31, 2017	30,957,800 shares
 - ii. Number of treasury shares at the end of the period

As of December 31, 2017	47,236 shares
As of March 31, 2017	45,368 shares
 - iii. Average number of shares during the period (cumulative quarter)

3Q FYE March 31, 2018	30,911,499 shares
3Q FYE March 31, 2017	30,914,121 shares

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Explanation for the proper use of earnings projections, and other special matters

(Caution on description of future events, etc.)

The preceding projections are based on information available at the time of the publication of these materials, and are not intended as pledges on the part of the Company that the said projections will be achieved. Actual results may differ materially from projections due to various factors that may occur in the future. For the assumptions on which these earnings projections were based, see “1. Qualitative Information on Quarterly Settlement of Accounts, (3) Explanation of Consolidated Earnings Projections and Other Forecasts” on page 3 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of February 2, 2018, and they were published on the Company’s website on the same date.

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1. Qualitative Information on Quarterly Settlement of Accounts

(1) Explanation of Operating Results

The world economy during the cumulative third quarter under review generally performed well, with favorable economic condition in the United States and Europe, as well as economic recovery in South East Asia underpinned by stable economic performance in China.

Amid the strong world economy, the Japanese economy remained on a modest recovery trend, with a recovery in personal consumption, improved corporate earnings driven by higher exports and greater capital investments in facilities and equipment.

In this business environment, the Company's consolidated earnings were as follows: Net sales were ¥1,526.8 billion, up ¥209.6 billion (15.9%). Operating profit was ¥23.2 billion, up ¥2.2 billion (10.5%). Ordinary profit was ¥26.1 billion, up ¥4.7 billion (22.4%), owing to an improvement in share of profit of entities accounted for using equity method. Quarterly profit attributable to owners of parent was ¥17.4 billion, up ¥3.5 billion (25.3%).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, demand for steel was generally firm both inside Japan and overseas. Regarding the Company's sales volume, while domestic sales increased, there was a reactionary decline in export sales from the high level in the corresponding period of the previous fiscal year. The Company's domestic and export sales prices were significantly higher than the corresponding period of the previous fiscal year, reflecting the recovery trend in steel market prices that began in the second half of the previous fiscal year. As a result, net sales in the Steel segment reached ¥1,238.6 billion, up ¥210.1 billion (20.4%), and ordinary profit was ¥19.4 billion, up ¥6.0 billion (45.6%), partly supported by an improvement in earnings among group companies.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales reached ¥66.7 billion, up ¥5.4 billion (8.9%), due to a rise in the non-ferrous metals market. Ordinary profit reached ¥2.9 billion, up ¥1.2 billion (73.3%), due to the recording of gain on bargain purchase resulting from business combination regarding equity method affiliates.

(Textiles)

In the Textiles business, the sales environment remained harsh, and net sales were ¥112.1 billion, down ¥5.1 billion (4.4%). Ordinary profit was ¥1.7 billion, down ¥1.9 billion (52.8%), due to a decline in the cost reduction effect generated by the strong yen during the corresponding period of the previous fiscal year, a deterioration in profit margins attributable to the trend of smaller-lot and shorter lead times orders from customers, and a decrease in earnings at some group companies.

(Foodstuffs)

In the Foodstuffs business, meat prices remained stable on the whole, and net sales were ¥108.1 billion, down slightly from the corresponding period of the previous fiscal year. On the other hand, ordinary profit was ¥1.9 billion, down ¥600 million (24.3%), reflecting the fact that profit margins deteriorated following fluctuations in imported broiler chicken market and other factors.

(2) Explanation of Financial Position

Total assets at the end of the third quarter under review were ¥801.8 billion, up ¥128.7 billion from the end of the previous period, due to an increase in notes and accounts receivable - trade and inventories.

Total liabilities were ¥578.0 billion, up ¥111.1 billion, due to an increase in accounts payable and loans payable.

Total net assets were ¥223.8 billion, up ¥17.6 billion, due to the recording of profit attributable to owners of parent for the cumulative third quarter under review, which offset the payment of dividends.

(3) Explanation of Consolidated Earnings Projections and Other Forecasts

The consolidated earnings projections for the fiscal year ending March 31, 2018 will remain as stated in this announcement on November 2, 2017.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	Previous Fiscal Year (As of March 31, 2017)	Third Quarter Under Review (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	22,690	21,888
Notes and accounts receivable - trade	403,720	492,278
Inventories	91,675	115,504
Other	20,375	23,807
Allowance for doubtful accounts	(1,011)	(1,341)
Total current assets	537,450	652,136
Non-current assets		
Property, plant and equipment	57,783	57,939
Intangible assets		
Goodwill	91	63
Other	771	709
Total intangible assets	862	773
Investments and other assets		
Other	80,224	94,174
Allowance for doubtful accounts	(3,241)	(3,159)
Total investments and other assets	76,982	91,015
Total non-current assets	135,628	149,728
Total assets	673,078	801,865
Liabilities		
Current liabilities		
Notes and accounts payable - trade	224,266	247,199
Short-term loans payable	127,883	209,801
Income taxes payable	3,324	3,204
Provision	3,791	2,165
Other	26,328	32,554
Total current liabilities	385,594	494,925
Non-current liabilities		
Long-term loans payable	68,216	67,773
Provision	554	493
Net defined benefit liability	1,891	1,934
Other	10,634	12,918
Total non-current liabilities	81,296	83,119
Total liabilities	466,891	578,045
Net assets		
Shareholders' equity		
Capital stock	12,335	12,335
Capital surplus	50,721	50,755
Retained earnings	115,308	126,758
Treasury shares	(127)	(137)
Total shareholders' equity	178,237	189,711
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,266	13,137
Deferred gains or losses on hedges	(355)	(315)
Foreign currency translation adjustment	3,696	4,440
Remeasurements of defined benefit plans	61	121
Total accumulated other comprehensive income	11,668	17,385
Non-controlling interests	16,280	16,723
Total net assets	206,187	223,820
Total liabilities and net assets	673,078	801,865

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

(Quarterly Consolidated Statements of Income)
(Cumulative Third Quarter)

	(Millions of Yen)	
	Cumulative Third Quarter of Previous Fiscal Year (April 1, 2016 to December 31, 2016)	Cumulative Third Quarter Under Review (April 1, 2017 to December 31, 2017)
Net sales	1,317,111	1,526,811
Cost of sales	1,225,105	1,429,967
Gross profit	92,006	96,844
Selling, general and administrative expenses	71,000	73,629
Operating profit	21,005	23,214
Non-operating income		
Interest income	266	290
Dividend income	645	1,073
Share of profit of entities accounted for using equity method	974	2,678
Purchase discounts	354	416
Other	880	1,316
Total non-operating income	3,122	5,775
Non-operating expenses		
Interest expenses	1,941	2,375
Foreign exchange losses	413	-
Other	427	495
Total non-operating expenses	2,781	2,871
Ordinary profit	21,346	26,118
Extraordinary income		
Gain on sales of non-current assets	107	170
Gain on sales of investment securities	230	116
Gain on step acquisitions	101	-
Gain on bargain purchase	41	-
Total extraordinary income	482	287
Extraordinary losses		
Impairment loss	167	0
Loss on sales of investment securities	156	19
Loss on valuation of investment securities	87	392
Loss on valuation of investments in capital	38	-
Loss on change in equity	79	-
Loss on liquidation of subsidiaries and associates	202	-
Total extraordinary losses	732	412
Profit before income taxes	21,096	25,994
Income taxes	6,507	7,695
Profit	14,588	18,298
Profit attributable to non-controlling interests	636	820
Profit attributable to owners of parent	13,952	17,477

(Quarterly Consolidated Statements of Comprehensive Income)

(Cumulative Third Quarter)

(Millions of Yen)

	Cumulative Third Quarter of Previous Fiscal Year (April 1, 2016 to December 31, 2016)	Cumulative Third Quarter Under Review (April 1, 2017 to December 31, 2017)
Profit	14,588	18,298
Other comprehensive income		
Valuation difference on available-for-sale securities	3,079	4,840
Deferred gains or losses on hedges	1,510	38
Foreign currency translation adjustment	(6,936)	(312)
Remeasurements of defined benefit plans, net of tax	133	60
Share of other comprehensive income of entities accounted for using equity method	(2,241)	886
Total other comprehensive income	(4,454)	5,512
Comprehensive income	10,133	23,810
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,302	23,194
Comprehensive income attributable to non-controlling interests	(1,168)	616

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes to Shareholders' Equity)

Not applicable.

(Additional Information)

At the board of directors meeting held on September 29, 2017, the Company resolved to acquire part of the steel products business of Mitsui & Co., Ltd. and its related companies, and to issue new shares through a third-party allotment to Mitsui & Co., Ltd. in order to strengthen the capital relationship between the companies. The Company entered into an agreement concerning these matters on the same day.

(Segment Information, etc.)

[Segment Information]

I. Cumulative Third Quarter of Previous Fiscal Year (April 1, 2016, to December 31, 2016)

1. Information on sales and profit/loss in each reporting segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,028,491	61,262	117,312	108,859	1,315,925	1,186	1,317,111	–	1,317,111
Intersegment sales or transfers	612	863	3	–	1,479	123	1,603	(1,603)	–
Total	1,029,104	62,125	117,316	108,859	1,317,405	1,310	1,318,715	(1,603)	1,317,111
Segment profit (Ordinary profit)	13,341	1,731	3,657	2,518	21,249	88	21,338	8	21,346

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.
 2. The adjustment of ¥8 million in “segment profit” represents the elimination of inter-segment trade.
 3. The total profit of the “reportable segments” and “others” aligns with the ordinary profit in the quarterly consolidated statement of income excepting the adjustment of ¥8 million.

2. Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

Not applicable.

II Cumulative Third Quarter Under Review (April 1, 2017 to December 31, 2017)

1. Information on sales and profit/loss in each reporting segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,238,613	66,744	112,164	108,148	1,525,670	1,140	1,526,811	–	1,526,811
Intersegment sales or transfers	659	758	3	–	1,421	158	1,580	(1,580)	–
Total	1,239,273	67,502	112,168	108,148	1,527,092	1,299	1,528,391	(1,580)	1,526,811
Segment profit (Ordinary profit)	19,418	2,999	1,727	1,906	26,052	66	26,118	(0)	26,118

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.
 2. The downward adjustment of ¥0 million in “segment profit” represents the elimination of inter-segment trade.
 3. The total profit of the “reportable segments” and “others” aligns with the ordinary profit in the quarterly consolidated statement of income excepting the downward adjustment of ¥0 million.

2. Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

Not applicable.