

FY2019 Results Summary

May 11, 2020

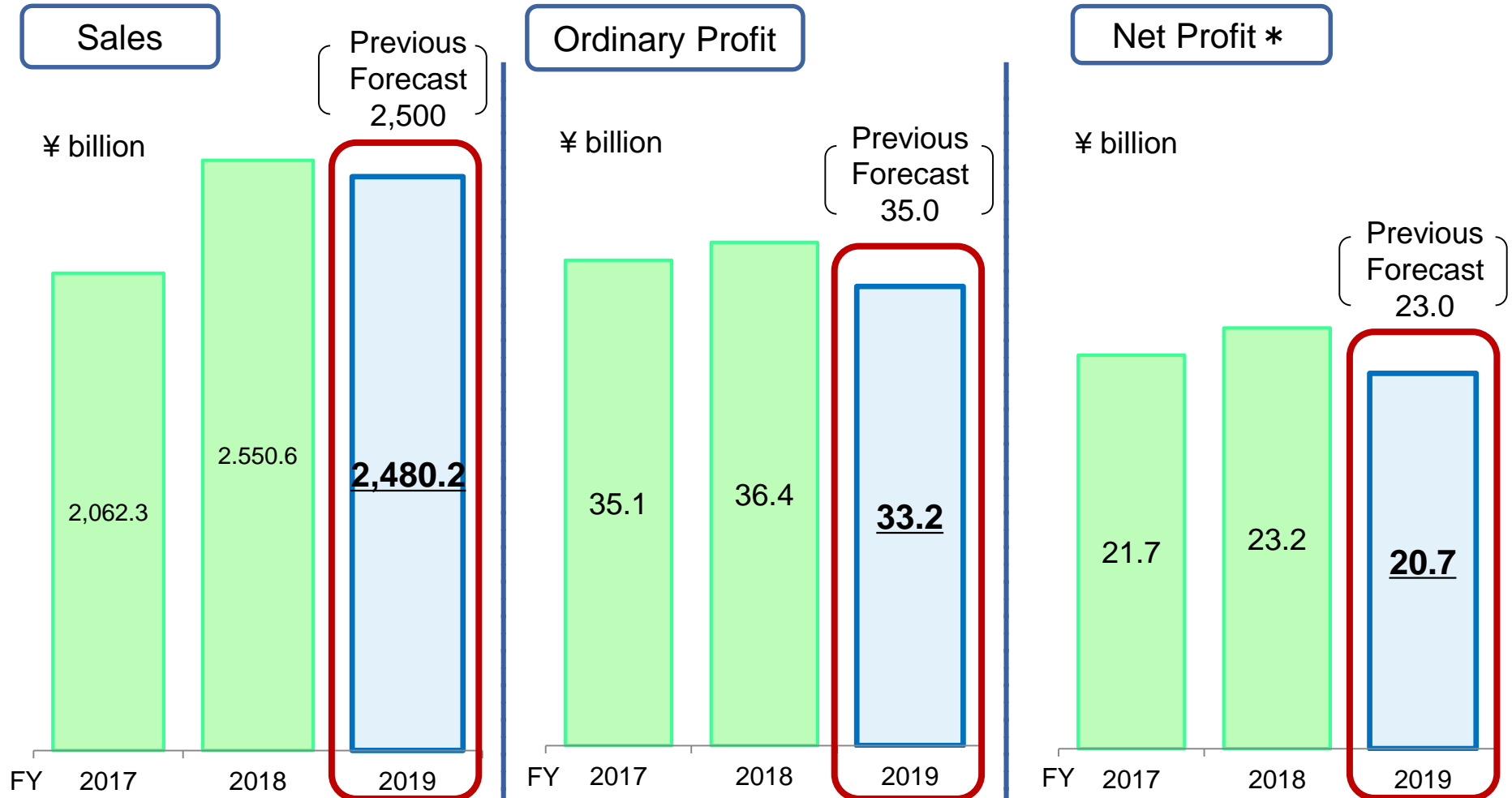


**NIPPON STEEL
TRADING**

1. FY2019 Results & FY2020 Forecast
2. Appendix

Highlight: FY2019 Results

- Profit Declined with Sales Volume Contraction and Softened Price under Worsening Demand Situation in Steel Division.

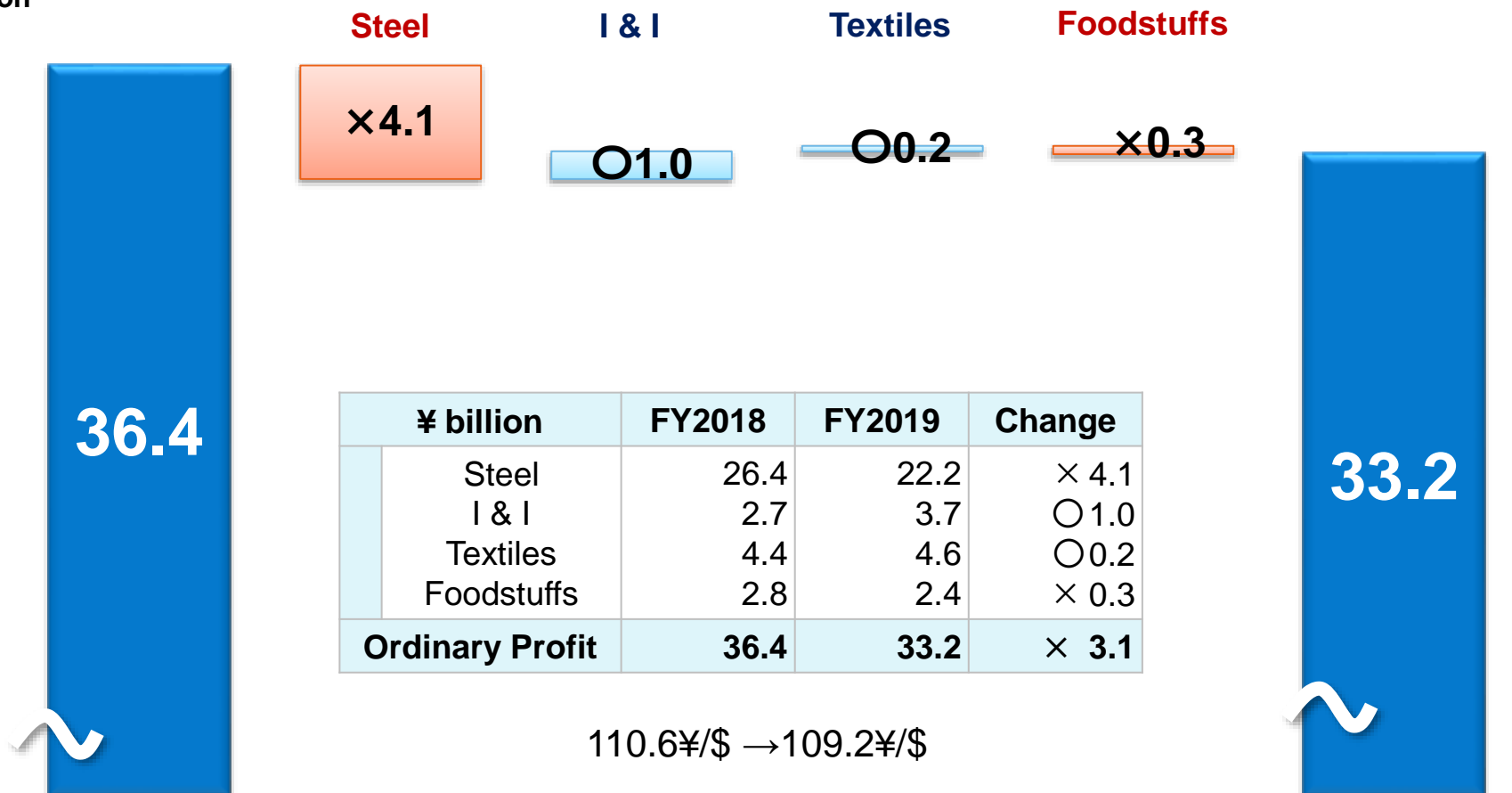


* Profit attributable to owners of parent

Ordinary Profit Variance Analysis [FY2018 vs. FY2019]

Certain Impacts from Coronavirus,

¥ billion



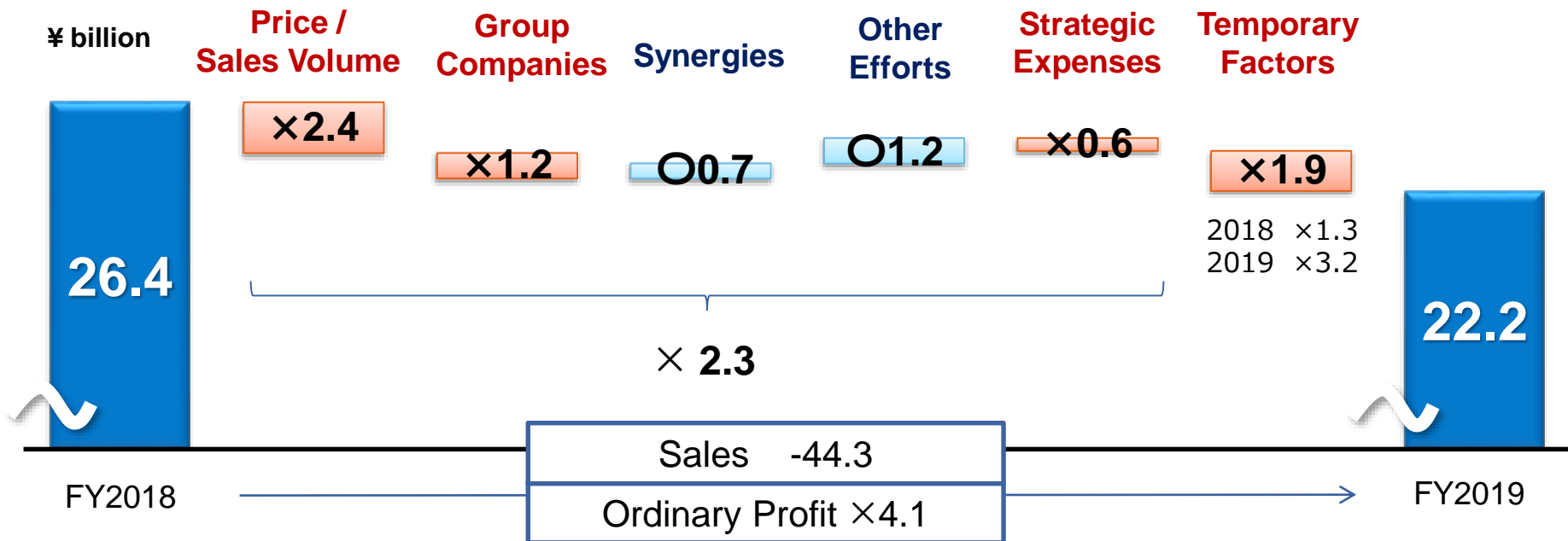
110.6¥/\$ → 109.2¥/\$

FY2018

× 3.1

FY2019

Ordinary Profit Variance Analysis [Steel Div.]



Consolidated Sales Volume (million tons)

FY2018	FY2019	Change
20.32	19.92	-0.40

Stand alone - 0.88
Subsidiary + 0.48

ASP



FY2018
94.6

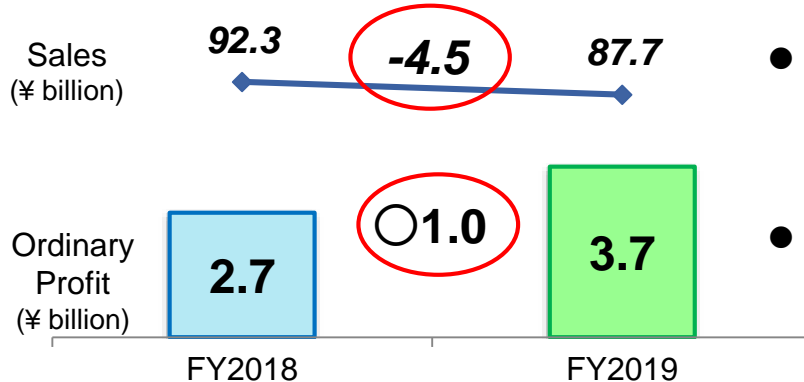
-2.4 ¥ thousands per ton

FY2019
91.8

2018/Q1 Q2 Q3 Q4 2019/Q1 Q2 Q3 Q4

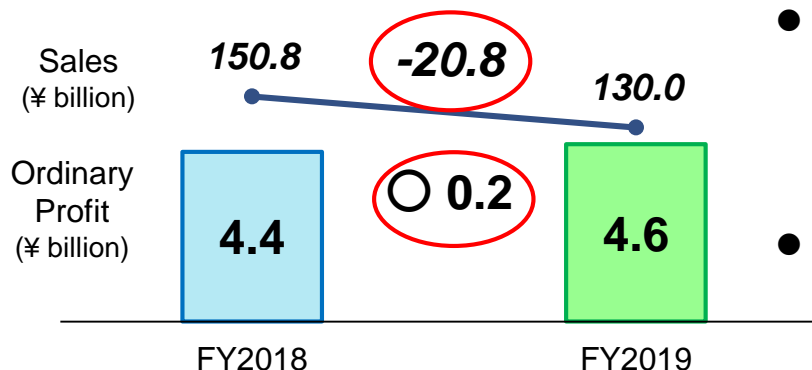
Ordinary Profit Variance Analysis [I & I / Textiles / Foodstuffs Div.]

Industrial Supply & Infrastructure



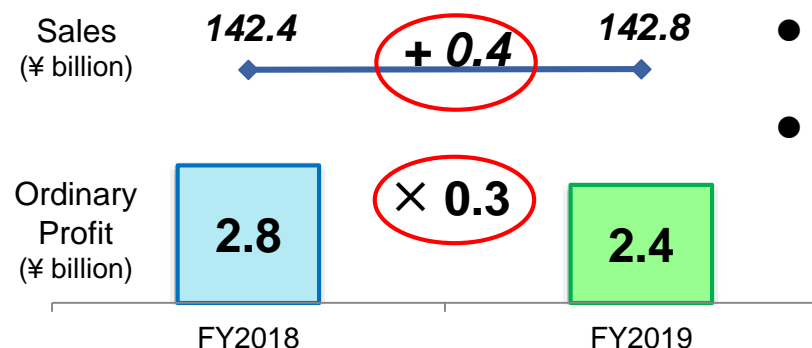
- Severe business environment due to sluggish global automobile sales and restrained capital investment.
- OP increased by ¥1.0 billion owing in part to recording a gain from revaluation of investment securities at a Thailand-based equity method affiliate.

Textiles



- Decreased in sales due to change in scope of consolidation due to sale of subsidiary shares and harsh environment in apparel industries.
- OP increased by ¥0.2 billion due to improved productivity and expansion of overseas business

Foodstuffs

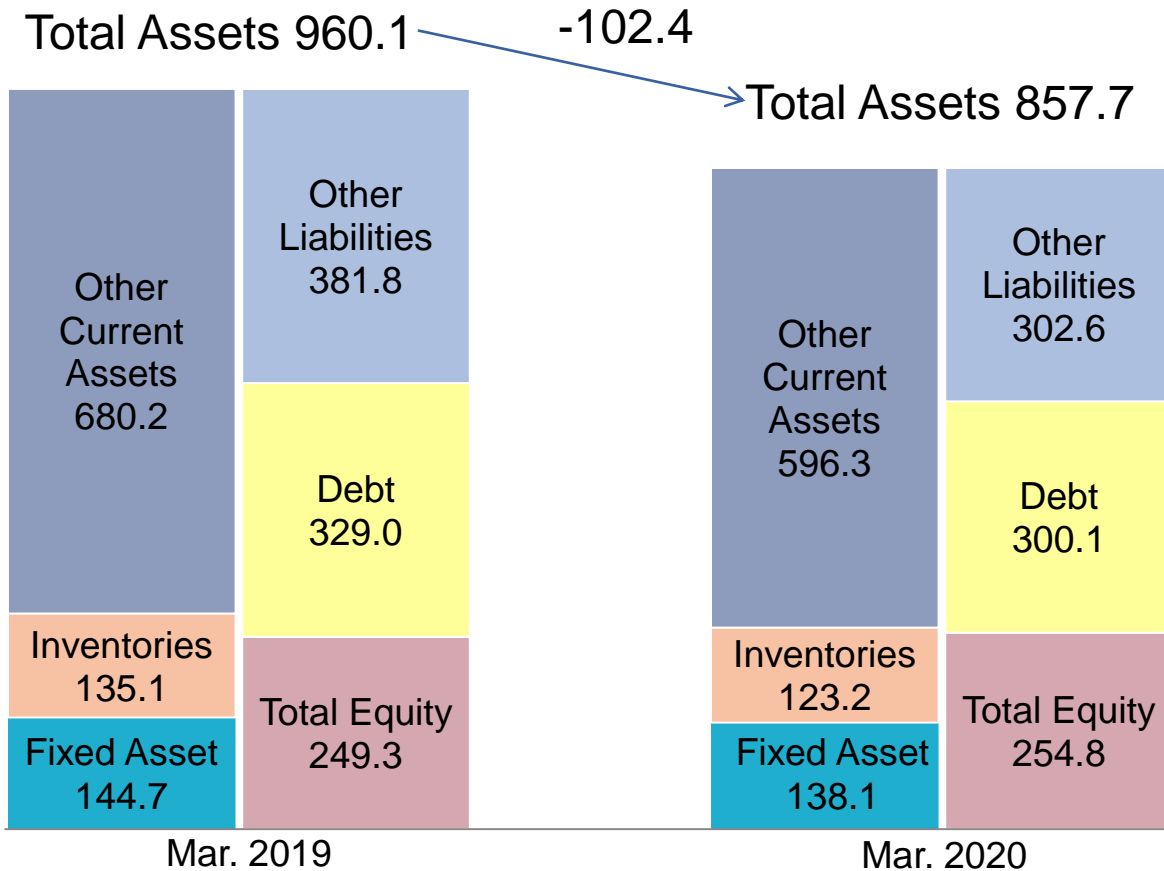


- Decreased demand for eating out .
- OP decreased by ¥0.3 billion due to decline in chicken market.

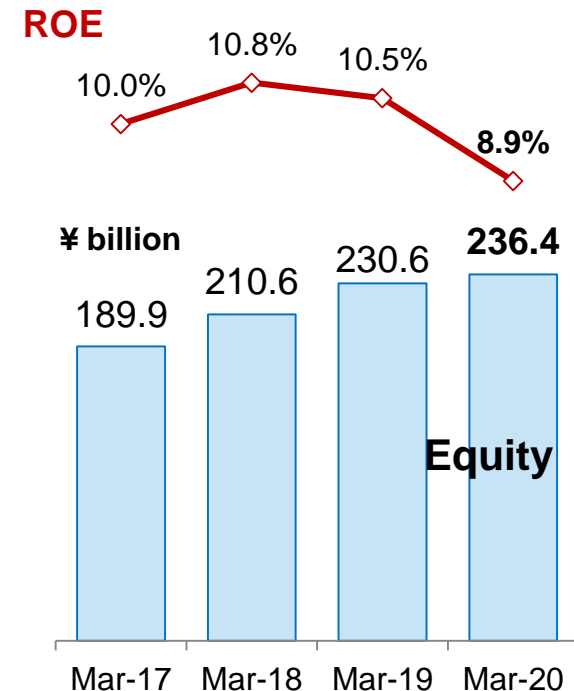
Balance Sheets

- Improving in Financial Indicator
- Total Assets Decreased Mainly due to a Decrease in Accounts Receivable.

¥ billion



	Mar.2019	Mar. 2020
Equity Ratio	24.0%	27.6%
Net D/E (multiples)	1.32	1.16



Cash Flow

¥ billion		FY2018	FY2019
	Income before income taxes	33.2	31.7
	Depreciation and amortization	5.3	5.7
	Equity in earnings of associated companies	(2.1)	(2.7)
	Others	(5.7)	(10.9)
Basic Operating Cash Flow		30.7	23.8
	Increase in working capital by growth in sales	(21.4)	15.9
Operating CFs		9.3	39.7
	Business transfer from Mitsui	(61.8)	-
	Other Investment	(14.5)	(5.7)
Investment CFs		(76.3)	(5.7)
Free CF		(66.9)	33.9
Financing CFs		63.8	(32.6)
Changes in cash & cash equivalents		(3.8)	1.2

CAPEX & Investments:
¥-10.1 billion

Return to Shareholders

Policy of Cash Dividend

NST'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. The targeted payout ratio in this Medium-Term Management Plan is over 30%.

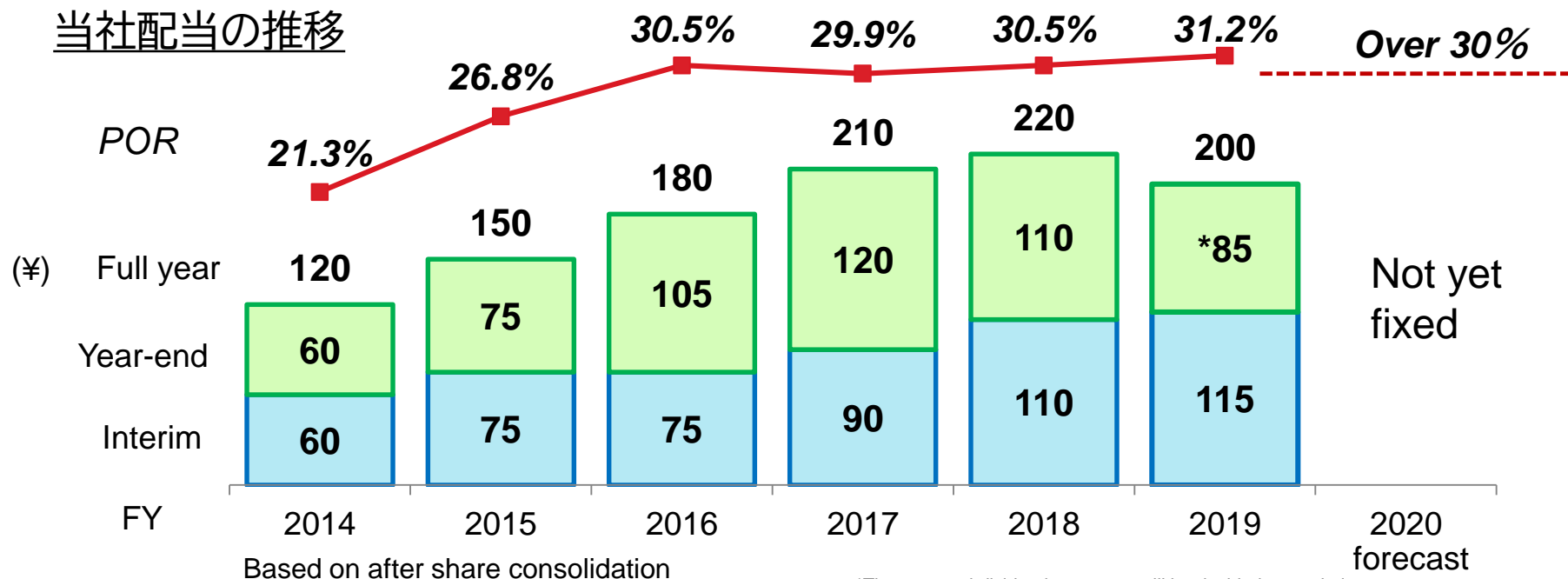
FY2018 Dividend

Full Year Dividend **¥220**
(Payout Ratio 30.5%)

FY2019 Dividend*

Full Year Dividend **¥200**
(Payout Ratio 31.2%)

当社配当の推移



*The year-end dividend payments will be decided upon during the general meeting of shareholders.

COVID-19 FOCUS

✓ Priorities During This Period of Volatility and Uncertainty

Ensure health and safety of our employees, our customers, and society.

- ✓ Work from home
- ✓ Prohibition of business trip
- ✓ Avoiding rush hour
- ✓ Utilizing ICT tools for communication

Commitment to maintaining critical supply-chain.

- ✓ Operating based on the policies of each government and municipalities, and NST's action guidelines.
(All bases have restarted normal operations in China.)

Focus on cost saving activity and strengthening of risk management

Maintain Our Financial Strength

- ✓ Improving investment efficiency and reducing inventories.
- ✓ Strong cash management.
- ✓ Optimizing capital efficiency.

✓ We will make our best efforts to navigate NST Group to emerge as stronger, more growing companies by adapting to rapidly changing environment.

FY2020 Forecast

The Global economic activity is rapidly slowing down due to the impact from the worldwide outbreak of the COVID-19. We anticipate that the activities on economy will be lowered as both supply and demand are weaken.

Under these uncertainties, it is impossible to formulate an earnings forecast for FY2020 with any realistic degree of accuracy.

Therefore, we will disclose the annual forecasts promptly after confirming and analyzing the accurate information.

2.Appendix

FY2019 Results

¥ billion	FY2018		FY2019				FY2019	Change
	Q4		Q1	Q2	Q3	Q4		
Sales	648.1	2,550.6	628.7	635.6	617.3	598.5	2,480.2	-70.3
(ratio)	(24.7%)	(26.7%)	(28.1%)	(28.2%)	(27.5%)	(28.4%)	(28.0%)	(1.3%)
Overseas Sales	160.2	681.6	176.7	179.1	169.5	170.0	695.5	13.9
(ratio)	(5.7%)	(5.8%)	(5.6%)	(5.8%)	(5.8%)	(5.7%)	(5.7%)	(-0.1%)
Gross Profit	37.0	147.6	34.9	36.9	35.7	33.8	141.5	-6.1
Operating Profit	9.1	36.1	8.0	9.3	8.5	6.1	32.0	-4.0
Equity Method Income	0.2	2.1	0.4	0.6	0.9	0.7	2.7	0.6
Ordinary Profit	8.9	36.4	8.1	9.2	9.4	6.3	33.2	-3.1
Extraordinary Income (Loss)	(1.6)	(3.1)	(0.1)	0.0	0.1	(1.5)	(1.5)	1.6
Total Income Taxes	2.6	8.9	2.4	2.8	2.7	1.5	9.5	0.6
Profit Attributable to Non-Controlling Interests	0.4	1.0	0.3	0.3	0.3	0.3	1.4	0.3
Net Income	4.3	23.2	5.2	6.0	6.5	2.8	20.7	-2.5
EPS (¥)	133.76	720.68	162.98	188.47	203.54	86.98	641.97	-78.71

Extraordinary Income (Loss)

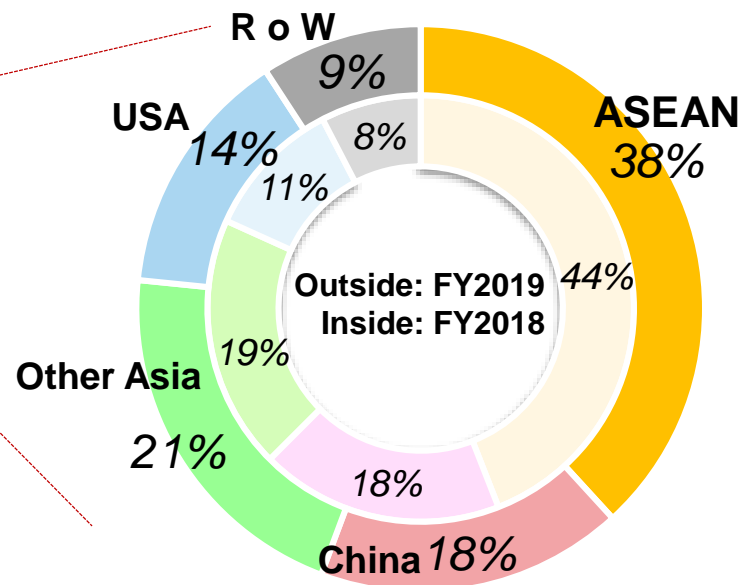
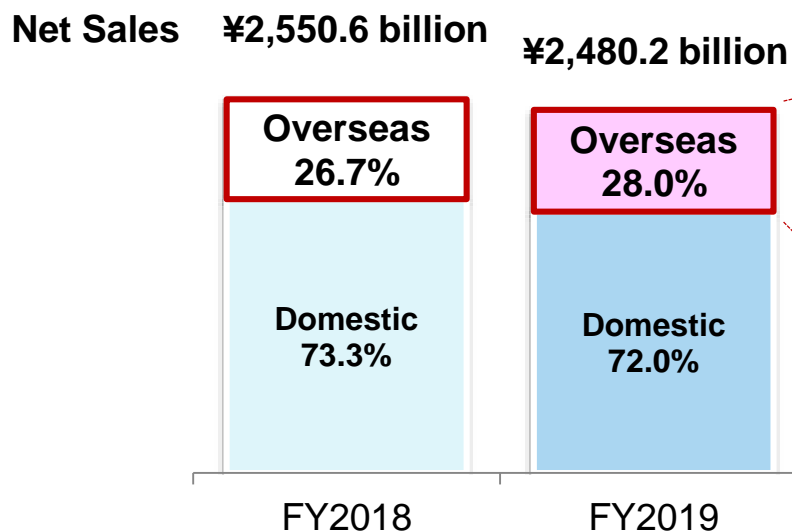
億円	FY2018	FY2019				Change	
		Q1	Q2	Q3	Q4		
Gain on sales of non-current assets	-	-	-	0.13	1.04	1.17	1.17
Gain on sales of investment securities	1.01	0.03	0.01	0.02	0.03	0.90	- 0.91
Gain on sales of investments in capital	-	-	-	-	0.00	0.00	0.00
Gain on bargain purchase	2.05	-	-	-	-	-	- 2.05
Total Extraordinary Income	3.06	0.03	0.01	0.15	1.08	1.28	- 1.79
Loss on sales of non-current assets	0.06	-	-	-	-	-	0.06
Impairment loss	-	-	-	-	0.79	0.79	0.79
Loss on sales of investment securities	0.21	0.13	-	-	0.00	0.13	0.08
Loss on valuation of investment securities	3.68	0.03	-	-	1.84	1.87	1.81
Loss on sales of investments in capital	0.04	-	-	-	-	-	0.04
Loss on valuation of investments in capital	0.36	-	-	-	-	-	0.36
Loss on liquidation of subsidiaries	0.37	-	-	-	-	-	0.37
Loss on business of subsidiaries	1.49	-	-	-	-	-	1.49
Total Extraordinary Losses	6.2	0.16	-	-	2.64	2.79	3.41
Extraordinary Income (Loss)	(3.14)	(0.13)	0.01	0.15	(1.56)	(1.52)	1.62

Sales and Ordinary Profit by Quarter

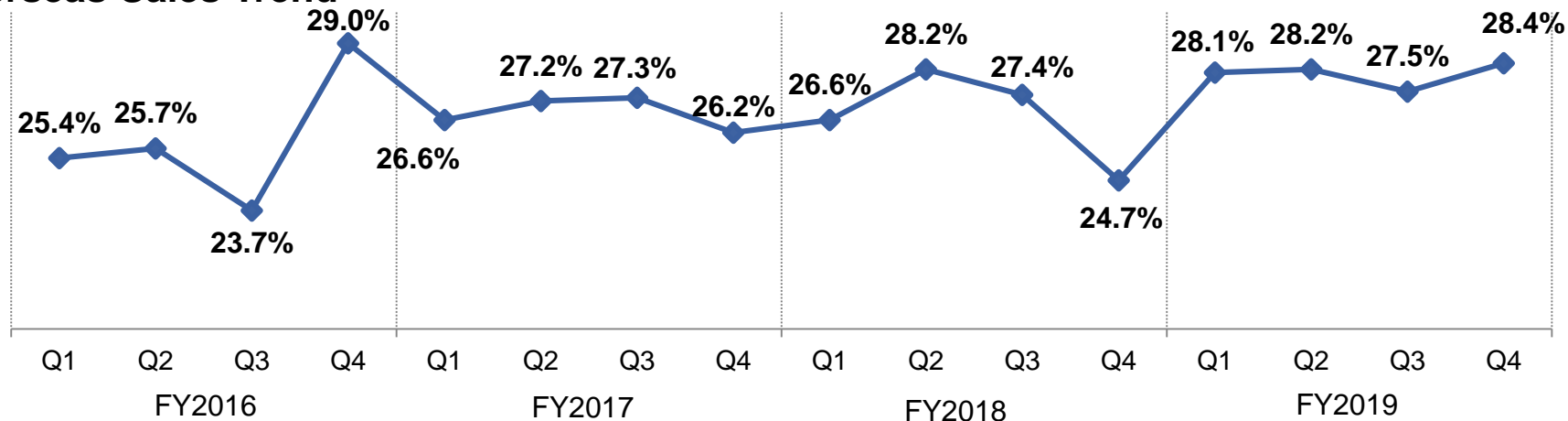
¥ billion	FY2017				FY2018				FY2019			
	Q1	Q2	3Q	4Q	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Steel	389.6	413.8	435.1	436.3	519.4	528.9	561.3	553.2	543.3	539.3	521.5	514.3
I & I	22.1	22.2	22.3	22.2	22.4	23.0	24.3	22.5	21.9	22.0	22.8	20.9
Textiles	36.1	36.6	39.3	41.5	35.3	38.8	37.3	39.3	27.8	36.9	34.7	30.5
Foodstuffs	34.6	35.0	38.4	35.0	34.8	36.0	39.4	32.1	35.3	36.9	37.9	32.5
Others	0.4	0.4	0.3	0.3	0.3	0.4	0.3	0.8	0.2	0.2	0.2	0.1
Sales	483.0	508.1	535.6	535.5	612.3	627.2	662.8	648.1	628.7	635.6	617.3	598.5
Steel	6.3	6.3	6.7	5.9	7.4	6.3	7.0	5.5	6.0	6.0	6.4	3.6
I & I	1.4	0.7	0.7	0.7	0.7	0.6	0.8	0.4	0.7	1.0	1.1	0.8
Textiles	0.9	0.0	0.7	1.7	0.9	0.7	0.5	2.1	0.6	1.5	1.2	1.2
Foodstuffs	0.7	0.4	0.6	0.5	0.5	0.7	0.7	0.6	0.7	0.5	0.5	0.5
Others	0.0	0.0	0.0	0.0	(0.6)	0.3	0.1	0.0	0.0	0.0	0.0	0.0
Ordinary Profit	9.5	7.5	8.9	9.0	9.1	8.8	9.4	8.9	8.1	9.2	9.4	6.3

Overseas Sales

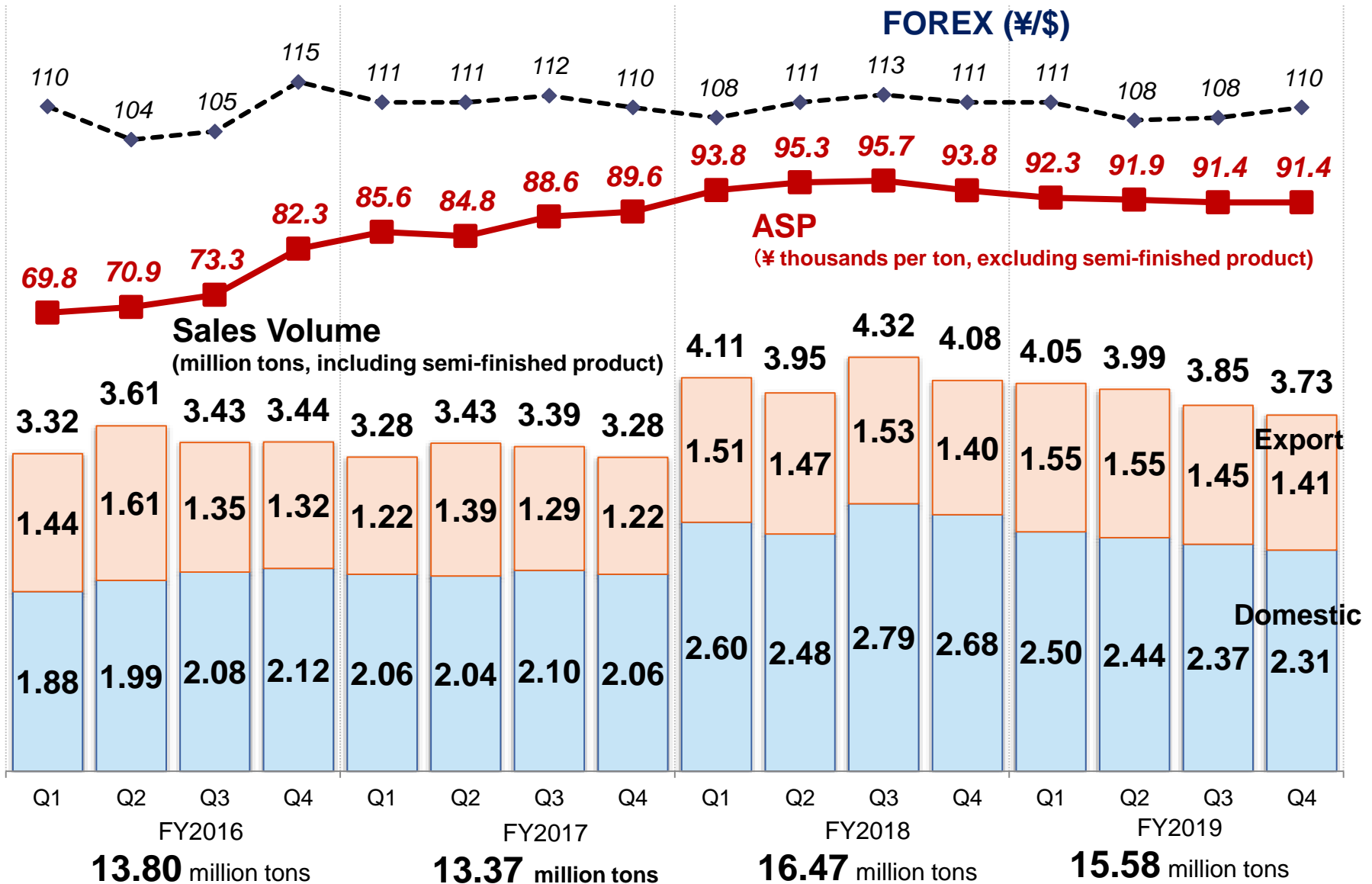
Overseas Sales by Region



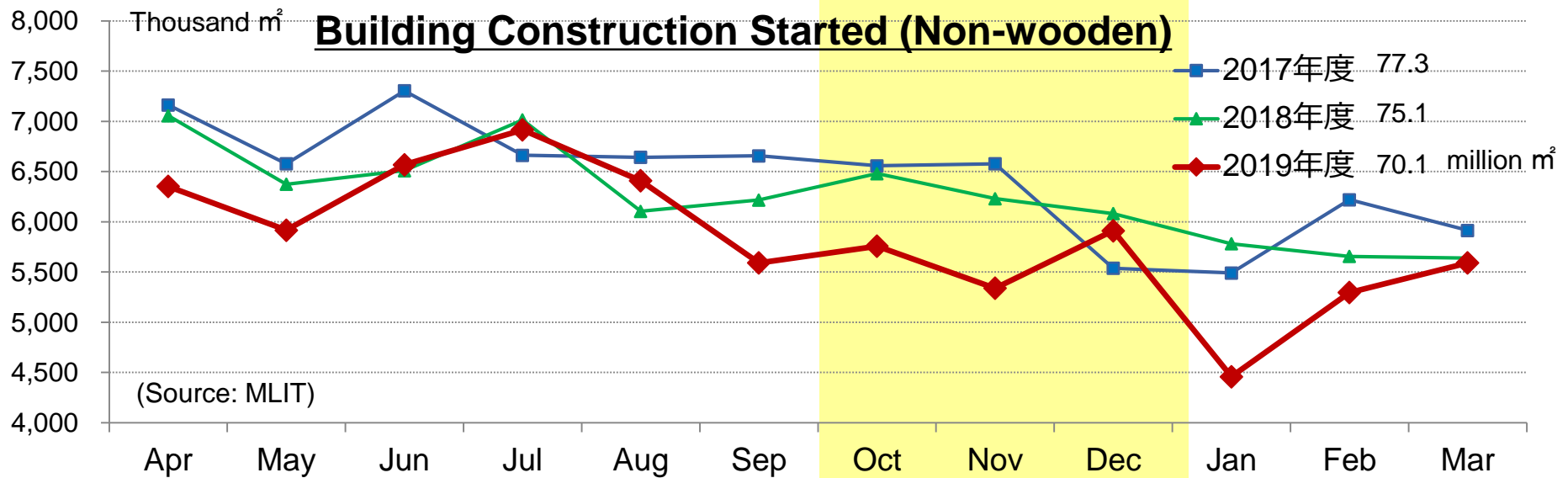
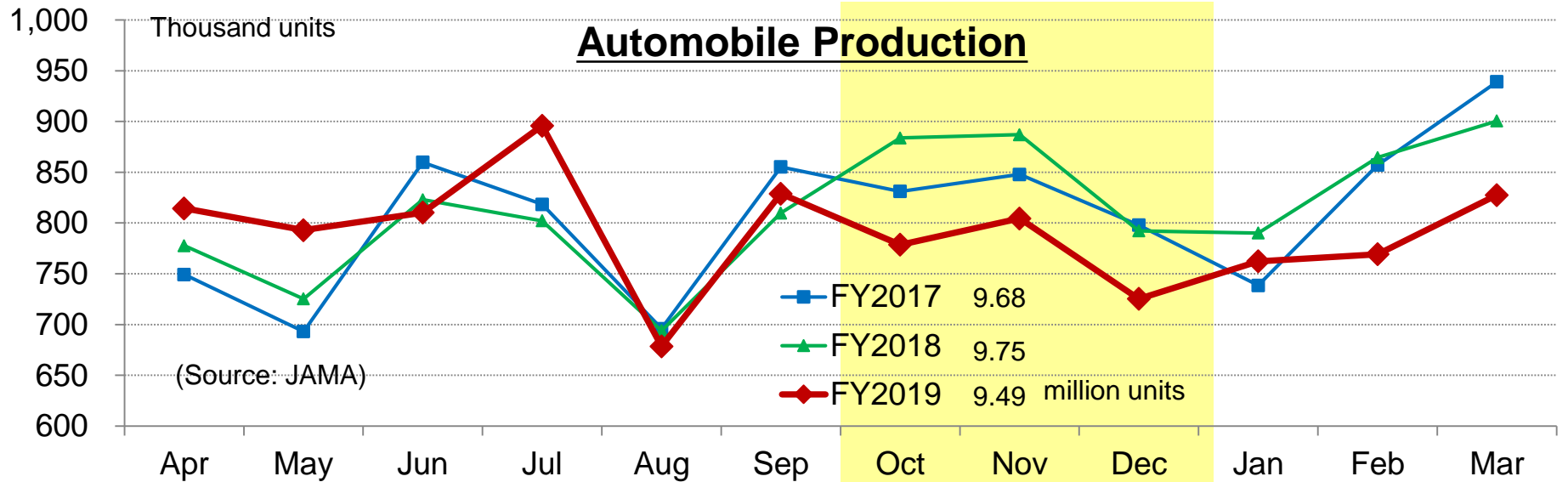
Overseas Sales Trend



Non-Consolidated Sales Volume and ASP of Steel by Quarter



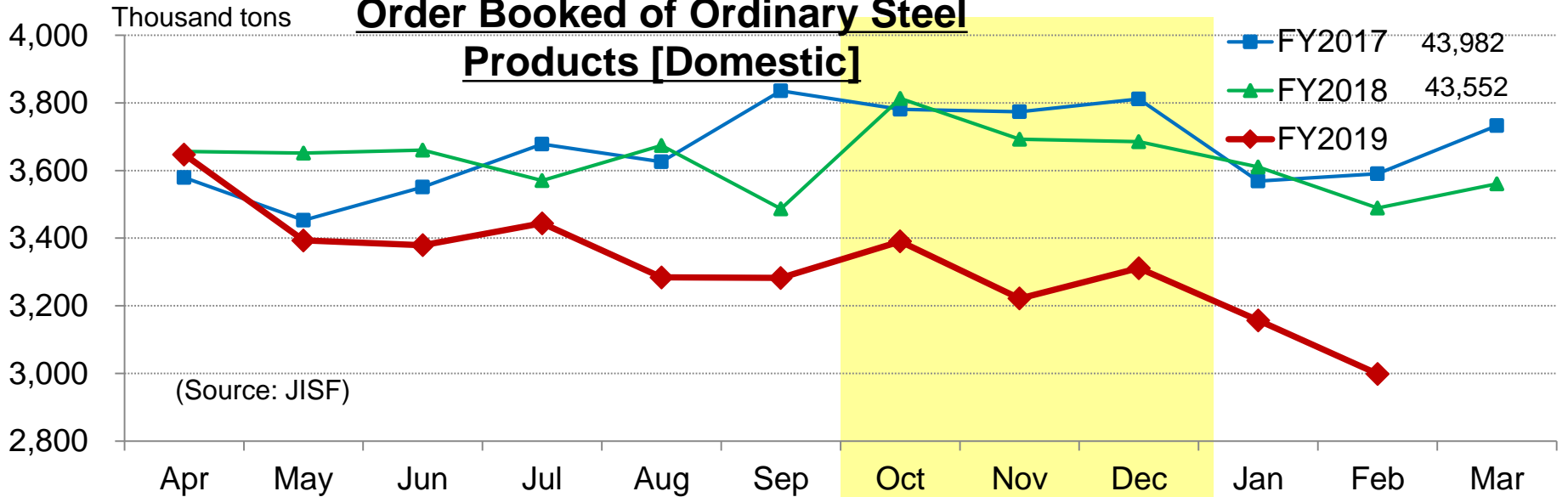
Domestic Demand Trend for Steel



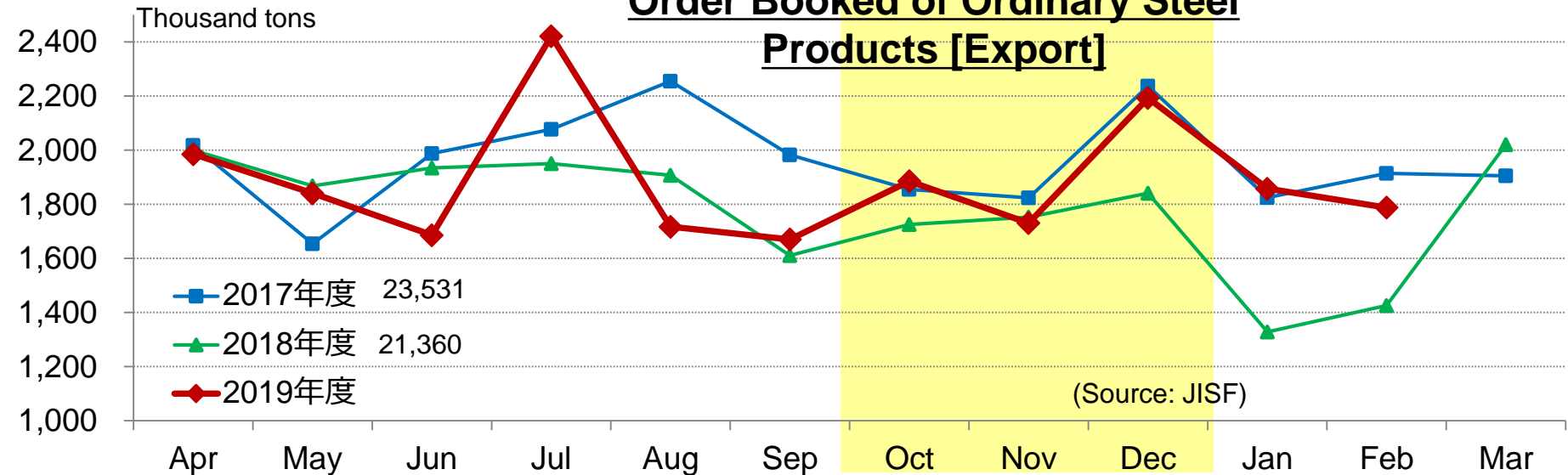
Steel Demand in Japan



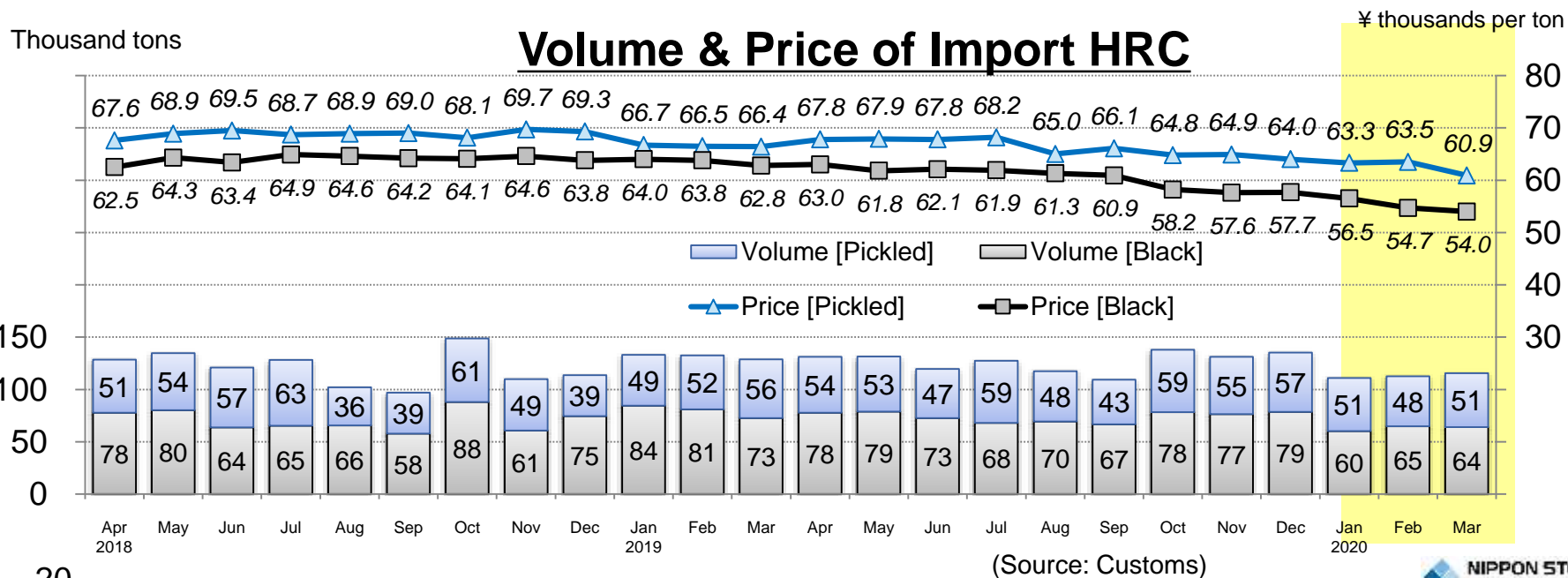
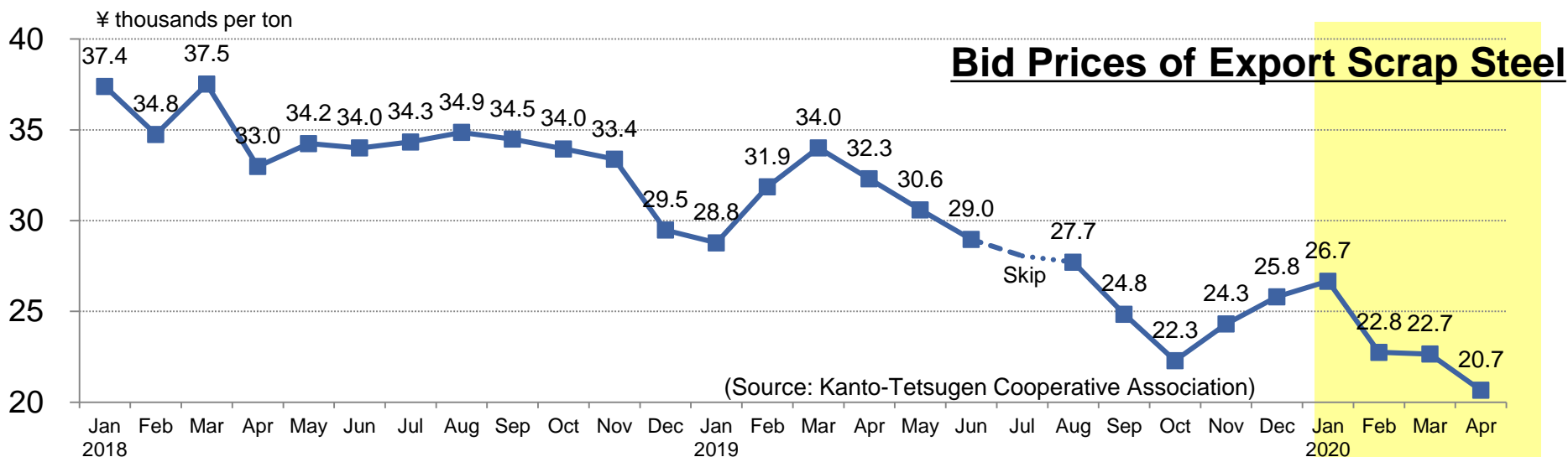
Order Booked of Ordinary Steel Products [Domestic]



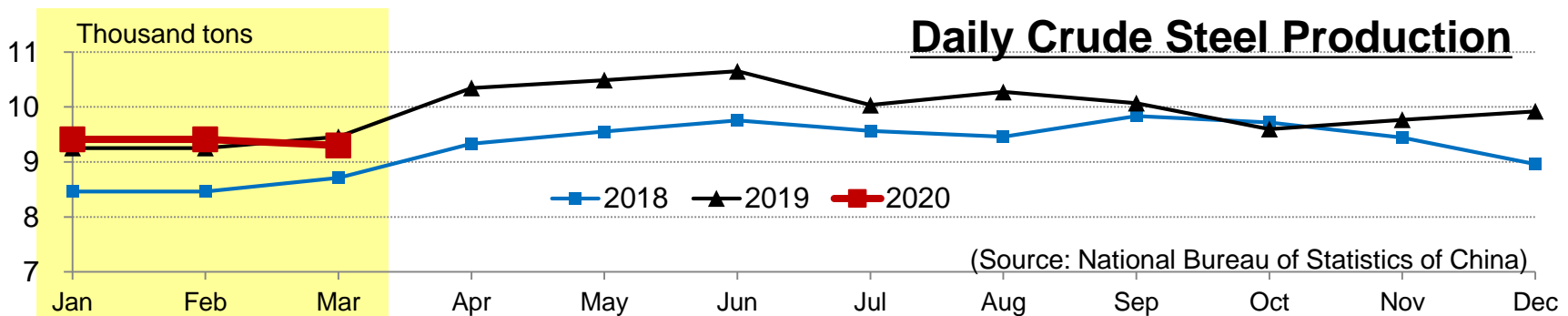
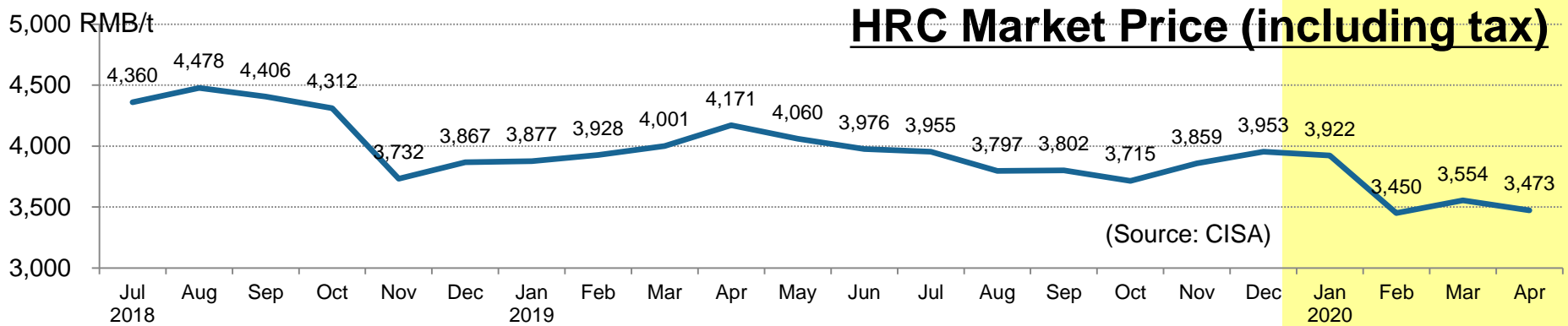
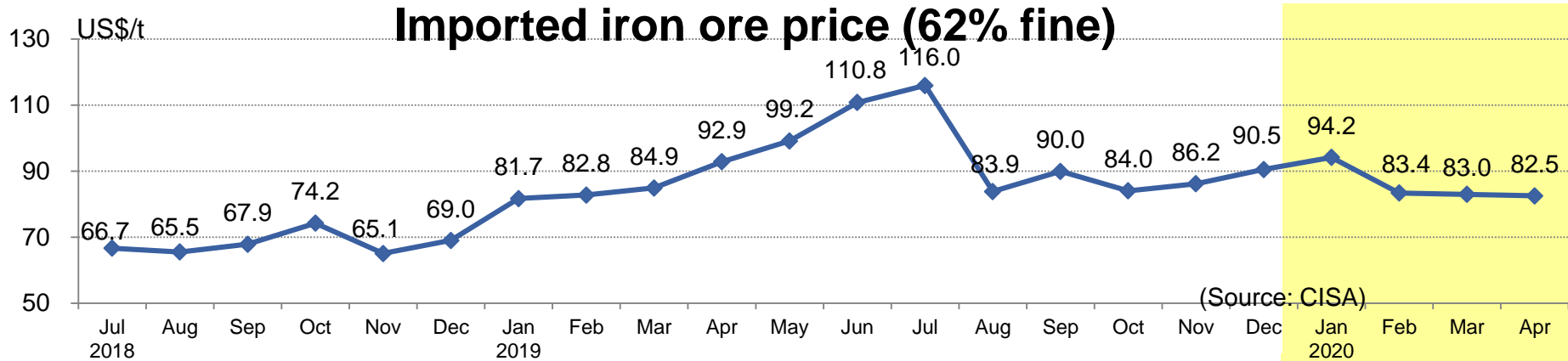
Order Booked of Ordinary Steel Products [Export]



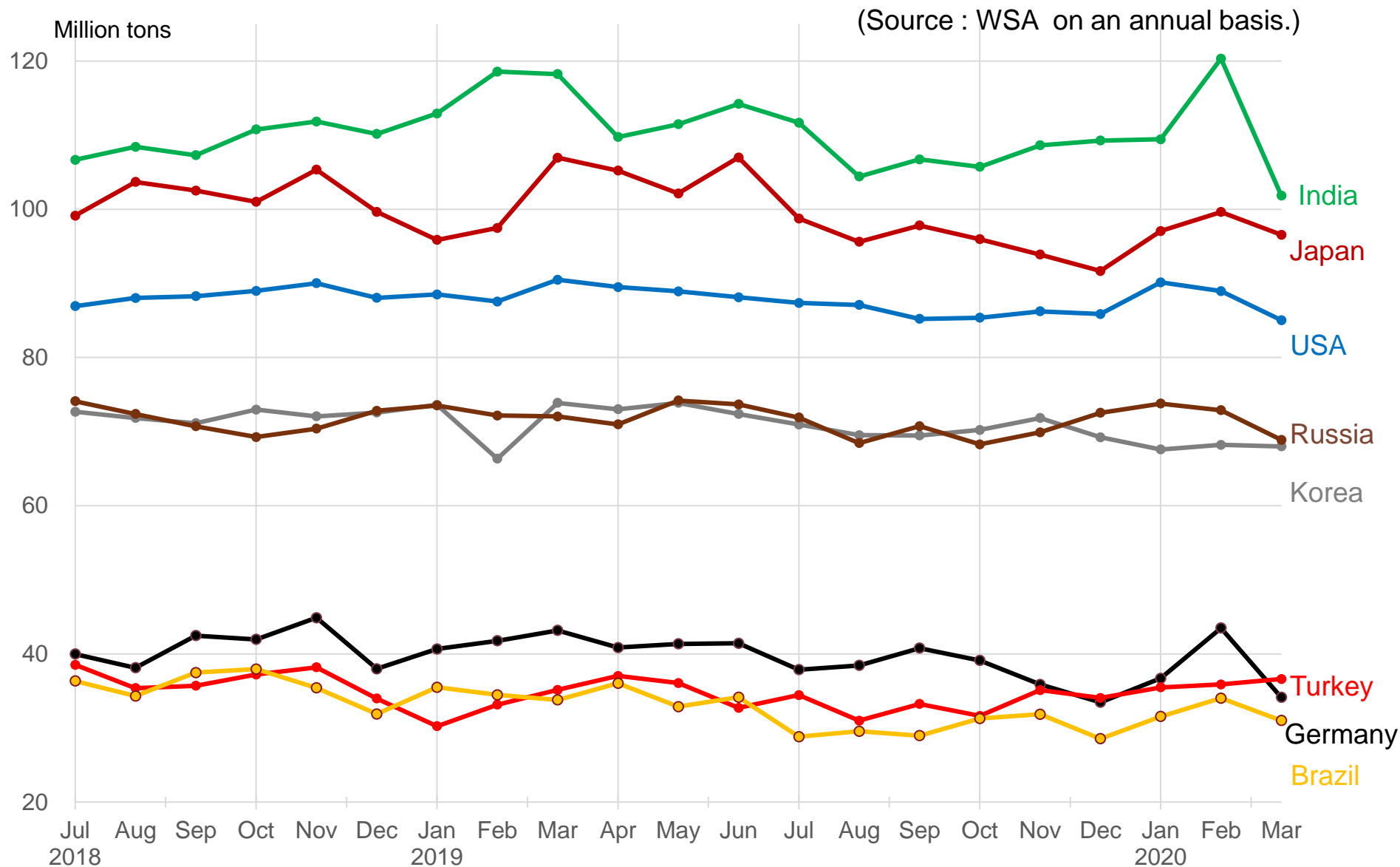
Steel Scrap Price / Imported Steel Volume and Price



Steel Market in China



Crude Steel Production by Country



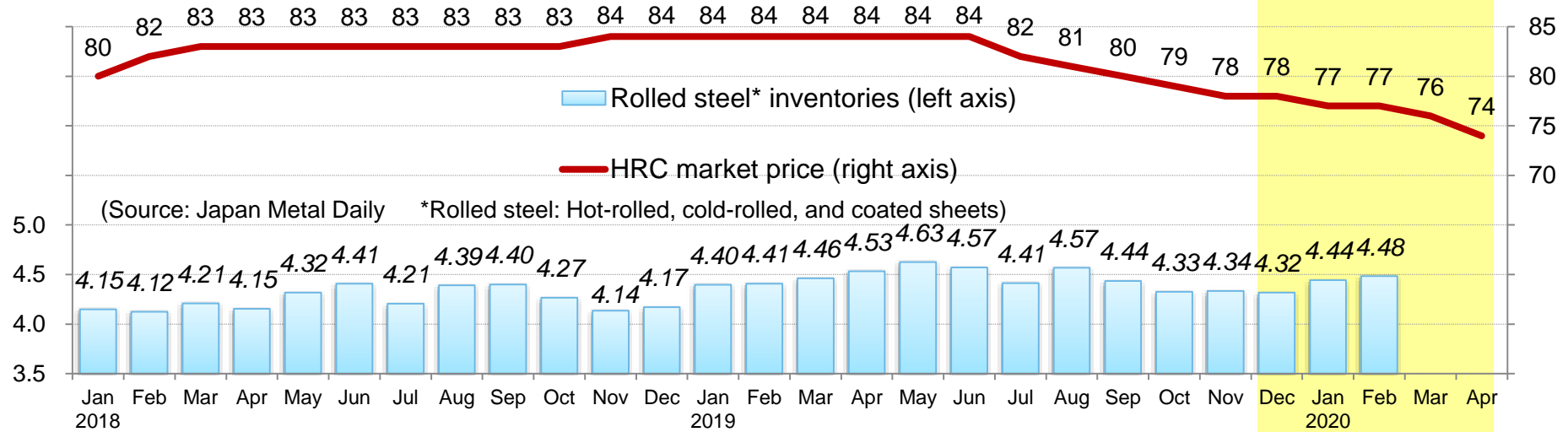
Steel Inventory and Market Price in Japan



(Million tons)

Rolled Steel Inventory and HRC Market Price

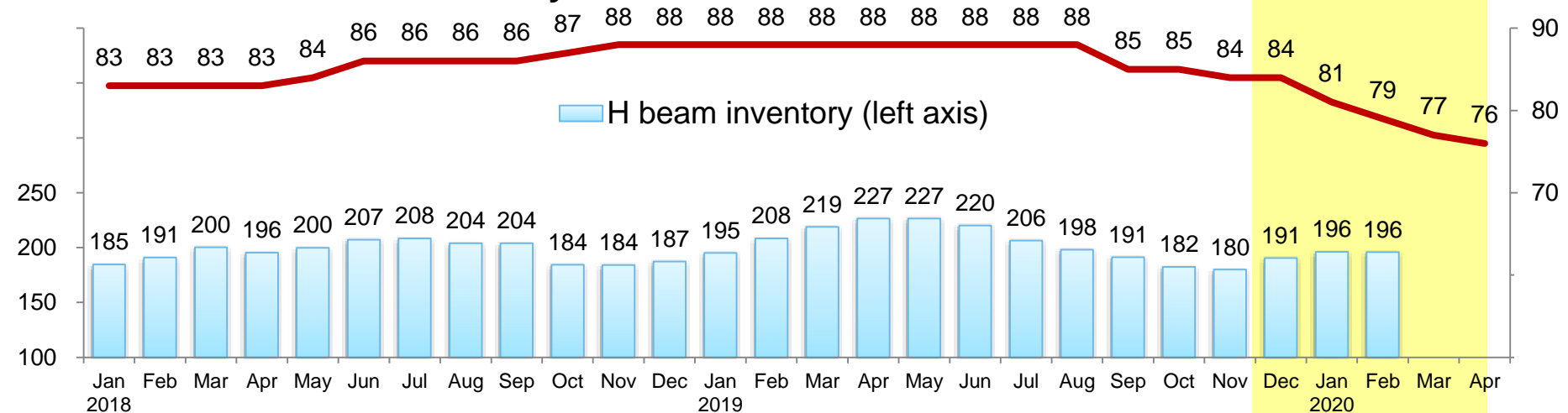
(¥ thousands per ton)



(Thousand tons)

H-beam Inventory and Market Price

(¥ thousands per ton)



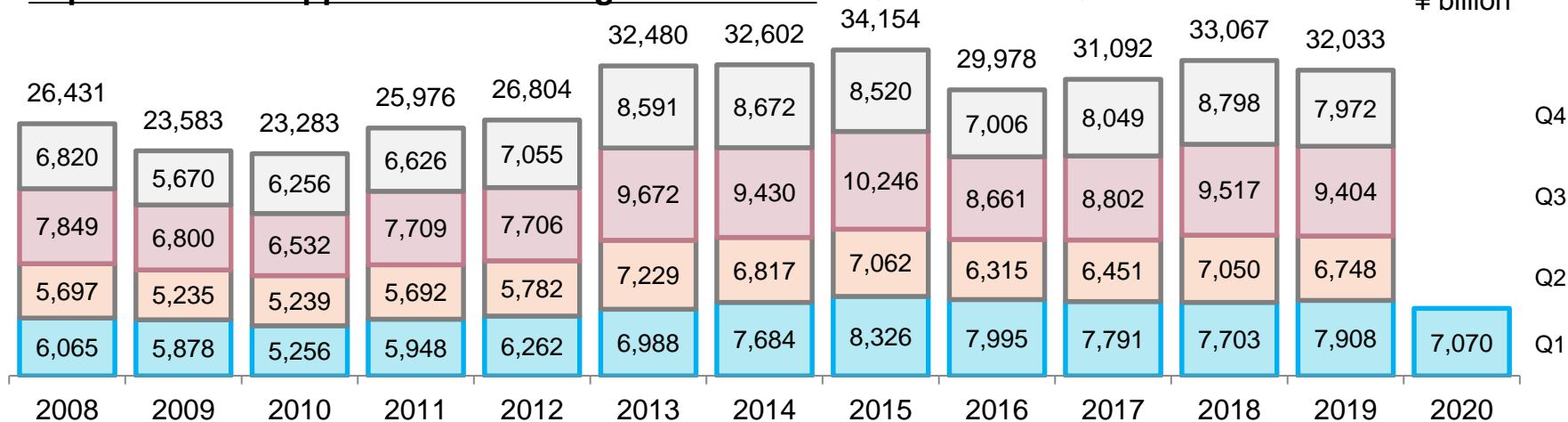
(Source: Japan Metal Daily)



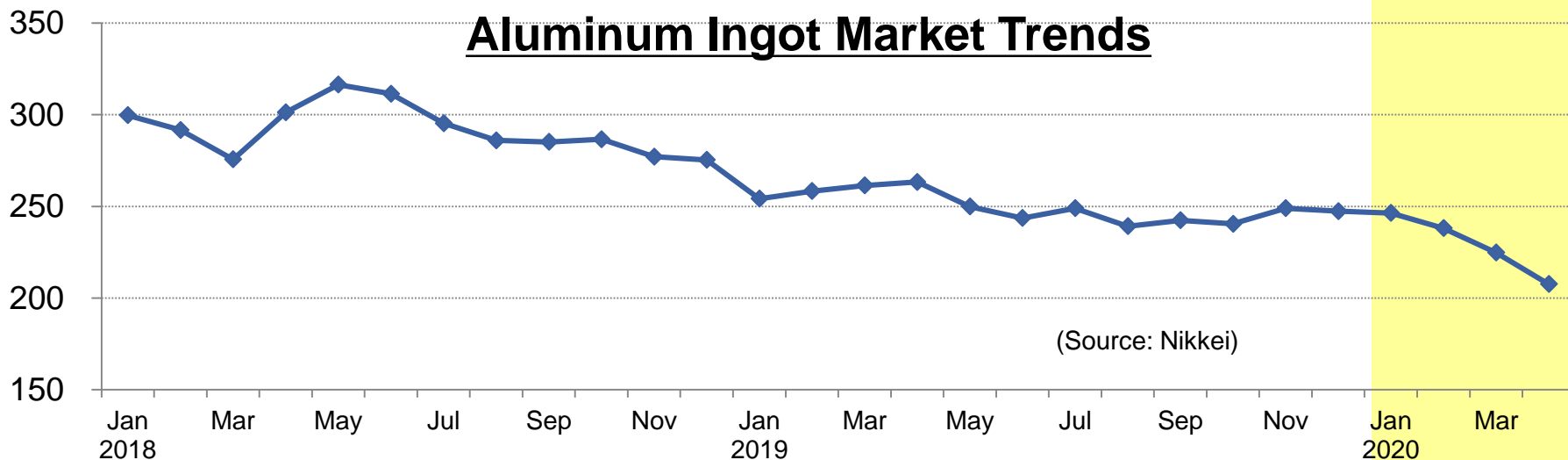
Import Trend of Apparel and Clothing Accessories

(Source: Customs)

¥ billion



¥ thousands per ton



Import Price and Volume Trend of Meats (1)

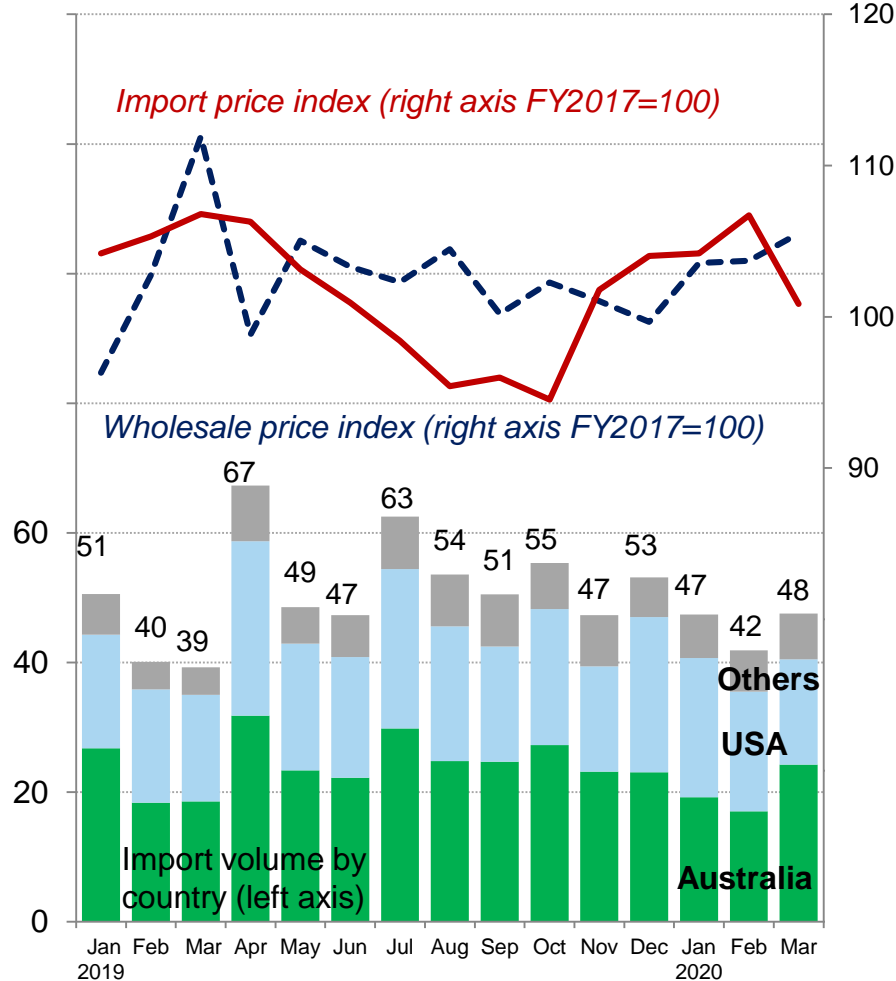


Beef

(Thousand tons)



Price Index



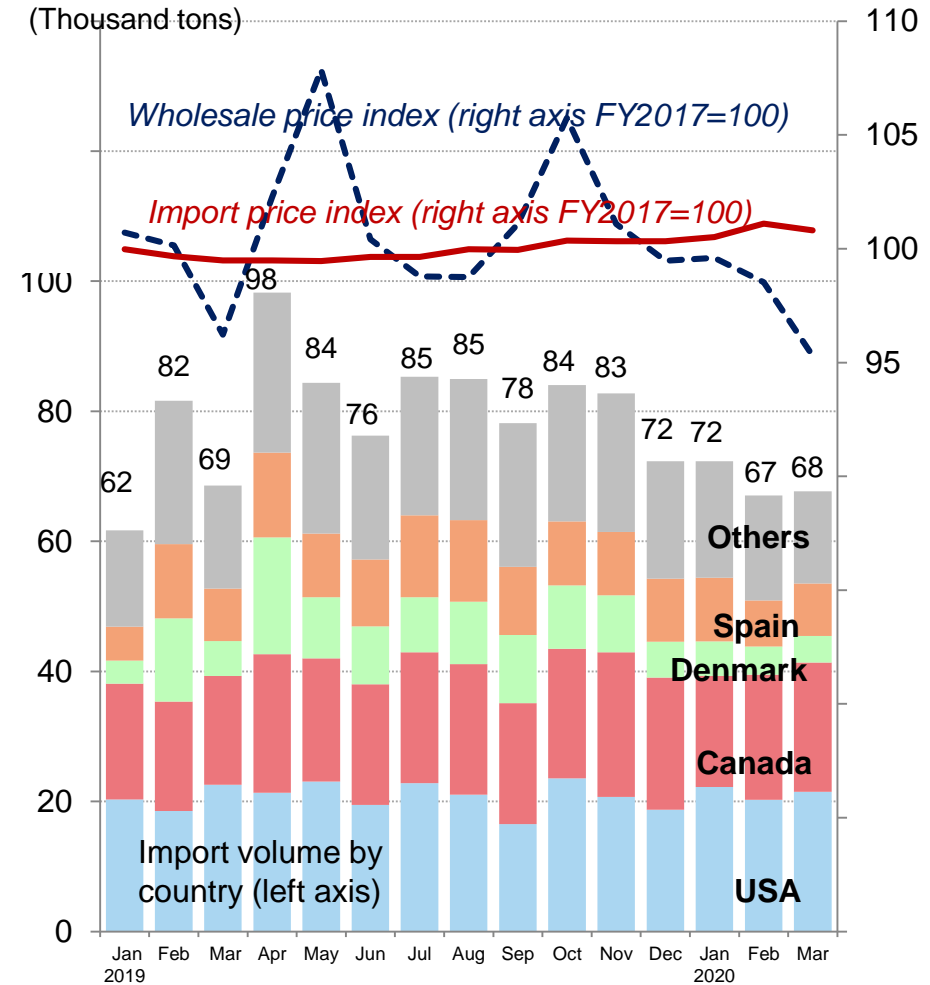
(Source: MAFF, Customs)

Pork

(Thousand tons)



Price Index

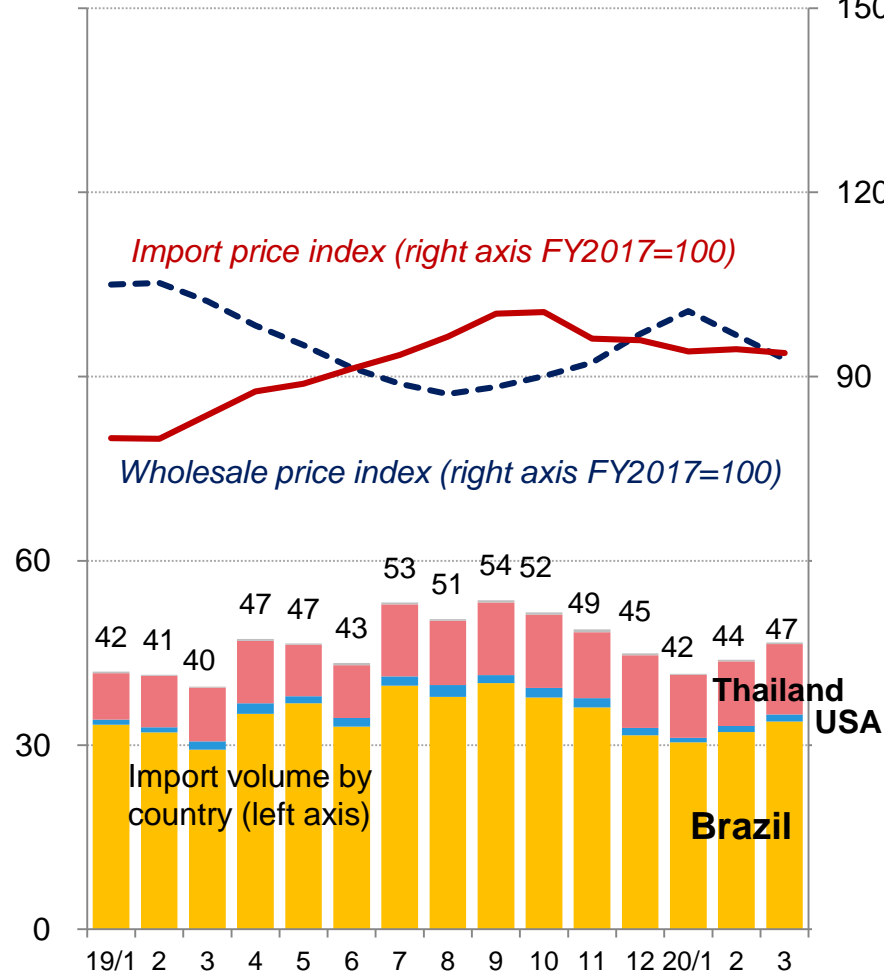


(Source: MAFF, Customs)

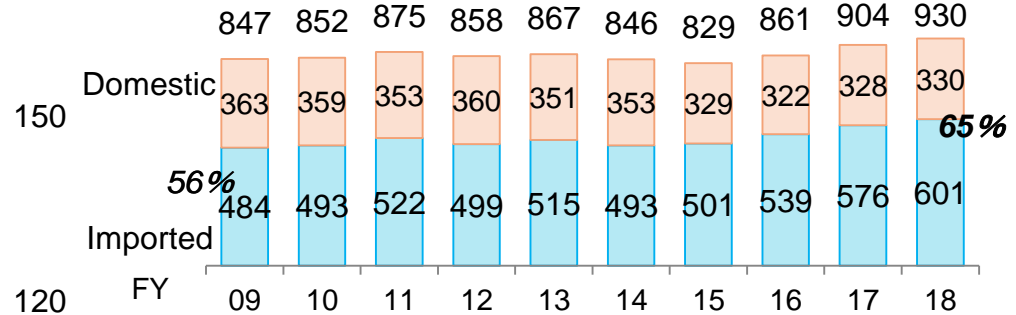
Import Price and Volume Trend of Meats (2)



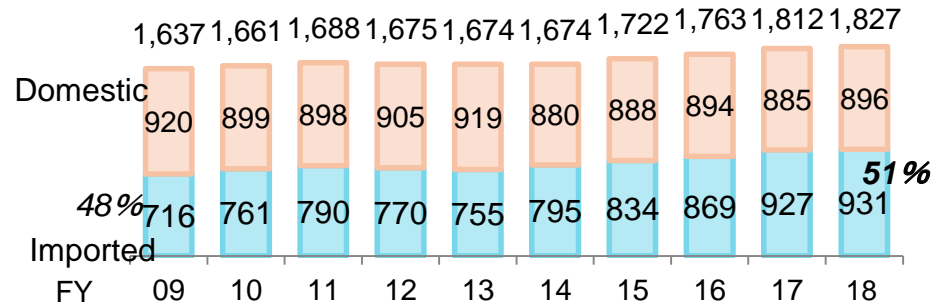
Broilers (Thousand tons)



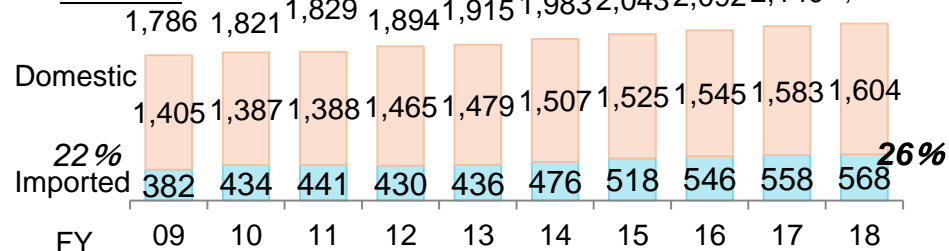
Estimated Marketing Quantity of Beef (Thousand tons)



Estimated Marketing Quantity of Pork (Thousand tons)



Estimated Marketing Quantity of Broilers (Thousand tons)



(Source: Agriculture & Livestock Industries Corporation)

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
TRADING**

Thank You, Healthcare Workers.
Honoring all the healthcare heroes on the front line.