

May 25, 2018

Nippon Steel & Sumikin Bussan Corporation
Representative: Kenji Hiwatari
President and Representative Director
Tokyo Stock Exchange first section (code No. 9810)
Contact: Nobuaki Ochiai, General Manager,
General Affairs & Corporate Communications Department
(Tel: +81-3-5412-5003)

To Whom It May Concern:

Medium-Term Management Plan 2020

Four Business, One Success.

Uniting power of four business division to become an excellent company
which contributes to the success of clients and enrichment of society.

We hereby announce that Nippon Steel & Sumikin Bussan Corporation (NSSB) has established a medium-term management plan for FY2018–20. NSSB was established in October 2013 with the objective of creating a corporate group that offers new value to society. Since that time, we have worked to solidify our management foundation through the integration of various systems and to achieve stable earnings growth.

The new medium-term management plan sets forth the strategy and action plan designed to realize the company's corporate philosophy and management policies; fulfill our corporate social responsibilities as a trading company that provides products and services related to food, clothing and housing; strengthen our management foundation—including securing and training the people that will be responsible for the next generation—and ensure legal compliance; and achieve greater growth.

We will continue to make a broad contribution to society and promote balanced business expansion as a trading company operating an integrated business in four core areas: steel, industrial supply and infrastructure, textiles, and foodstuffs. Below is an overview of our new medium-term management plan.

1. Basic Policy

(1) Shifting from a strategy of solidifying our management foundation to one focused on greater growth
Serving as the core trading company of the Nippon Steel & Sumitomo Metal Group and as a multi-specialty trading company with four core businesses, we will strengthen and enhance the value chain through various measures—including M&A, such as the partial takeover of the Mitsui & Co. Group's steel business—striving for the sustainable growth of our corporate value by playing a leading role in the restructuring of distribution and our sales network in each business line.

(2) Providing services and solutions that address changes in society and industry
In each business domain, we will support digital innovation and develop new materials, suppliers and uses, responding to diverse needs and helping our customers streamline and support the use of multi-material products, and expand our business.

(3) Pursuing safety, reliability and quality, and ensuring legal compliance
In each business domain, our top priority will be on managing the safety, reliability and quality of our products and maintaining employee safety and health. To continue being a company that society trusts, we will work persistently to create a climate and awareness among all Group employees that they should act autonomously to ensure legal compliance and proper risk management.

(4) Recruiting and training employees responsible for the next generation and our corporate future, and ensuring that we continue to be a rewarding workplace

We will secure the diversely talented people that will be responsible for our future business, strengthen human resource development for each age group, and secure work-life balance with the aim of ensuring pleasant workplaces and rewarding jobs for all of our employees.

2. Measures by Division

(1) Steel Division: A new path of collaboration toward the success of our steel business

We will expand our value chains by sharing visions and strategies with the Nippon Steel & Sumitomo Metal Group and the Mitsui & Co. Group, and by enhancing our procurement, logistics and processing systems based on customer needs. Additionally, we will expand our business from a global perspective by improving our comprehensive responsiveness in the domestic and overseas automotive, construction material and infrastructure fields. Our core zone will be ASEAN and East Asia, where significant growth is expected, and we will also enlarge our presence in Europe, the United States, India and other regions.

(2) Industrial Supply & Infrastructure Division: To be the top in its business niche in the world.

We aim to become the top player in our global niche by providing superior functions of manufacturing, processing, quality control and maintenance service in each field, including multi-material products, transportation equipment and infrastructure, and strengthening our onsite capabilities. Specifically, we will focus on the automotive parts business in Thailand and Mexico, including the automobile headrest parts business that we operate globally, as well as the industrial park and power generation businesses.

(3) Textiles Division: Remodeling the true value of our service

To remodel the true value of our service (lead the fashion industry with the best ODM solution), we will improve the planning and proposal capabilities and production, logistics and sales knowhow we have cultivated in our main apparel OEM/ODM business. Toward that end, we will establish the Innovation Development Section to advance R&D functions through the use of AI, production-side support that includes mass customization and smart factories, business investments in IoT, e-commerce sales and innovative technologies.

(4) Foodstuffs Division: Food value creator

With our industry knowledge and onsite capabilities—accumulated in our main meat import business—and our pioneering efforts in food safety as the foundation, we will become a food value creator that provides new value and solutions (services) to our customers, placing the highest priority on safety and reliability, with due consideration of the environment. Specifically, we will expand our domestic sales foundation through investments in the wholesale business and strengthen relationships with suppliers to develop the food value chain.

3. Investment Plan and Recruiting Policy

(1) We will allocate ¥50 billion (over three years) for business and capital investments, and proactively pursue strategic investment, including M&A in each of our business fields.

(2) We will secure the next generation of diversely talented new employees that will be responsible for the future of our business through flexible recruiting activities and other such efforts.

4. Quantitative Targets

- We will ensure sustainable expansion of our business and profits through various measures, including M&A, such as the partial takeover of the Mitsui & Co. Group's steel business.

	FY2017 results	FY2020 target
Net sales	¥2,062.3 billion	¥2,800.0 billion
Ordinary income	¥35.1 billion	¥44.0 billion
Net income	¥21.7 billion	¥26.0 billion
Equity ratio	27.0%	Around 25~30%
Net debt-to-equity ratio	1.0 time	Around 1.0 time
ROE	10.8%	Around 10.0%

(Note) Net income is "net income attributable to parent company shareholders"

5. Dividend Policy

Beginning in FY2018, we will increase the consolidated dividend payout ratio from the current 25–30 percent to 30 percent or more.

Note: Caution concerning Forward-Looking Statements

The quantitative targets and projections included in this document are based on the information available and certain assumptions considered reasonable as of the published date of this release. Actual results may differ materially due to changes in market trends or the general conditions of the economy and various other factors that may occur in the future. Accordingly, this document is not intended as a pledge on the part of the company that said targets and projections will be achieved.