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## Summary of Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019 (Japanese GAAP)

November 5, 2018  
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL & SUMIKIN BUSSAN CORPORATION**  
Code No. : 9810  
URL: <http://www.nssb.nssmc.com/en/index.html>  
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Quarterly securities report to be submitted: November 14, 2018  
Start of cash dividend payments: December 4, 2018  
Supplementary materials: Yes (Japanese only)  
IR conference: Yes (for institutional investors and analysts; Japanese only)

(Figures rounded down to nearest million yen)

### 1. Consolidated Earnings through the Second Quarter of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to September 30, 2018)

#### (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	%
2Q FYE March 31, 2019	1,239,596	25.1	17,717	19.8	18,027	5.1	12,949	14.5
2Q FYE March 31, 2018	991,168	14.9	14,794	8.8	17,153	26.0	11,312	28.7

Note: Comprehensive income  
2Q FYE March 31, 2019: ¥11,527 million (-18.3%)  
2Q FYE March 31, 2018: ¥14,115 million (-%)

	Earnings per share	Diluted earnings per share
	Yen	Yen
2Q FYE March 31, 2019	401.41	-
2Q FYE March 31, 2018	365.97	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	882,015	242,254	25.7
As of March 31, 2018	776,395	227,968	27.1

Reference: Equity capital  
As of September 30, 2018: ¥226,351 million  
As of March 31, 2018: ¥210,675 million

## 2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2018	–	90.00	–	120.00	210.00
FYE March 31, 2019	–	110.00			
FYE March 31, 2019 (Est.)			–	110.00	220.00

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

## 3. Projected Consolidated Results for Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

(% : 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	2,500,000	21.2	38,000	17.6	38,000	8.0	23,500	8.2	728.46

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 September 30, 2018	32,307,800 shares
As of March 31, 2018	30,957,800 shares
  - ii. Number of treasury shares at the end of the period

As of September 30, 2018	48,232 shares
As of March 31, 2018	47,663 shares
  - iii. Average number of shares during the period (cumulative quarter)

2Q FYE March 31, 2019	32,259,871 shares
2Q FYE March 31, 2018	30,911,865 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* 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 November 5, 2018, and they were published on the Company’s website on the same date.

(How to acquire materials for briefing session)

The Company has scheduled a briefing session for institutional investors and analysts on November 21, 2018. Soon after the session is over, the presentation materials distributed during the event will be posted on the Company’s website (Japanese only).

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## 1. Qualitative Information on Quarterly Settlement of Accounts

### (1) Explanation of Operating Results

The world economy during the cumulative second quarter under review remained generally firm, with the economy steadily recovering due to stable employment conditions and strong personal consumption in the United States, while China experienced some slowdown in consumption and investment.

However, the economic outlook is increasingly uncertain amid concerns of the impact of primarily the U.S.-China trade friction.

The Japanese economy remained on a modest recovery trend, with a recovery in personal consumption and improved employment conditions, etc.

In this business environment, the Company's consolidated earnings were as follows: Net sales were ¥1,239.5 billion, up ¥248.4 billion (25.1%). Operating profit was ¥17.7 billion, up ¥2.9 billion (19.8%). Ordinary profit was ¥18.0 billion, up ¥800 million (5.1%). Quarterly profit attributable to owners of parent was ¥12.9 billion, up ¥1.6 billion (14.5%).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, domestic and overseas demand was generally firm. The Company's domestic and export sales volume increased from the corresponding period of the previous fiscal year, due to the transferred business from Mitsui & Co. Group (the "Mitsui & Co. Group"). The Company's domestic and export sales prices were higher than the corresponding period of the previous fiscal year. As a result, net sales in the Steel segment reached ¥1,048.3 billion, up ¥244.9 billion (30.5%), and ordinary profit was ¥13.7 billion, up ¥1.1 billion (9.0%).

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales reached ¥45.4 billion, up ¥1.0 billion (2.3%). Ordinary profit was ¥1.4 billion, down ¥800 million (37.6%), reflecting the absence of a non-recurring profit related mainly to business combinations recorded by a Thailand-based equity method affiliate during the corresponding period of the previous fiscal year.

(Textiles)

In the Textiles business, net sales were ¥74.1 billion, up ¥1.3 billion (1.9%), and ordinary profit was ¥1.7 billion, up ¥700 million (74.0%).

(Foodstuffs)

In the Foodstuffs business, net sales were ¥70.8 billion, up ¥1.1 billion (1.7%), and ordinary profit was ¥1.3 billion, up ¥100 million (10.5%).

**(2) Explanation of Financial Position**

**A. Assets, Liabilities and Net Assets**

Total assets at the end of the second quarter under review were ¥882.0 billion, up ¥105.6 billion from the end of the previous period, due to an increase in notes and accounts receivable - trade, etc., backed by an increased sales volume.

Total liabilities were ¥639.7 billion, up ¥91.3 billion from the end of the previous period, due to an increase in notes and accounts payable - trade and interest-bearing debts backed by an increased sales volume.

Total net assets were ¥242.2 billion, up ¥14.2 billion from the end of the previous period, due to capital stock and capital surplus increased, reflecting a capital increase through third-party allotment, and the recording of profit attributable to owners of parent for the cumulative second quarter under review, which offset the payment of dividends.

As of the end of the second quarter under review, equity capital was ¥226.3 billion and the equity ratio was 25.7%.

**B. Cash Flows**

Cash and cash equivalents at the end of the second quarter under review decreased ¥4.7 billion from the end of the previous period to ¥23.1 billion.

Net cash provided by operating activities during the cumulative second quarter was ¥11.6 billion (compared to ¥31.1 billion used a year before). This result was due to a decrease in notes and accounts receivable - trade and revenue generated by profit attributable to owners of parent, which offset a decrease in notes and accounts payable - trade. Net cash used in investing activities was ¥70.9 billion (compared to ¥2.6 billion used a year before) due to factors such as ¥66.8 billion for payments for the transfer of business from the Mitsui Group. While there were expenditures in cash dividends paid, net cash provided by financing activities was ¥55.1 billion (compared to ¥32.0 billion provided a year before) due to the issuance of commercial paper and corporate bonds.

**(3) Explanation of Consolidated Earnings Projections and Other Forecasts**

The consolidated earnings projections for the fiscal year ending March 31, 2019 remains as stated in the announcement on May 10, 2018.

## 2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

### (1) Quarterly Consolidated Balance Sheets

(Millions of Yen)

	Previous Fiscal Year (As of March 31, 2018)	Second Quarter Under Review (As of September 30, 2018)
Assets		
Current assets		
Cash and deposits	28,554	24,258
Notes and accounts receivable - trade	471,777	569,594
Inventories	111,179	113,397
Other	17,489	26,215
Allowance for doubtful accounts	(1,323)	(1,675)
Total current assets	627,677	731,788
Non-current assets		
Property, plant and equipment	55,031	55,542
Intangible assets		
Goodwill	51	22
Other	708	686
Total intangible assets	760	708
Investments and other assets		
Other	96,062	96,660
Allowance for doubtful accounts	(3,136)	(2,685)
Total investments and other assets	92,926	93,975
Total non-current assets	148,717	150,226
Total assets	776,395	882,015

(Millions of Yen)

	Previous Fiscal Year (As of March 31, 2018)	Second Quarter Under Review (As of September 30, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	249,614	280,036
Short-term loans payable	132,084	108,073
Commercial papers	20,000	50,000
Income taxes payable	6,075	5,345
Provision	4,485	4,945
Other	29,049	36,330
<b>Total current liabilities</b>	<b>441,308</b>	<b>484,731</b>
<b>Non-current liabilities</b>		
Bonds payable	30,000	60,000
Long-term loans payable	65,538	82,471
Provision	523	527
Net defined benefit liability	2,107	2,087
Other	8,949	9,942
<b>Total non-current liabilities</b>	<b>107,118</b>	<b>155,029</b>
<b>Total liabilities</b>	<b>548,426</b>	<b>639,761</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	12,335	16,389
Capital surplus	50,751	54,805
Retained earnings	131,006	140,246
Treasury shares	(140)	(143)
<b>Total shareholders' equity</b>	<b>193,953</b>	<b>211,297</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	11,581	11,714
Deferred gains or losses on hedges	(502)	(236)
Foreign currency translation adjustment	5,190	3,158
Remeasurements of defined benefit plans	452	417
<b>Total accumulated other comprehensive income</b>	<b>16,722</b>	<b>15,053</b>
<b>Non-controlling interests</b>	<b>17,293</b>	<b>15,902</b>
<b>Total net assets</b>	<b>227,968</b>	<b>242,254</b>
<b>Total liabilities and net assets</b>	<b>776,395</b>	<b>882,015</b>



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

**(Quarterly Consolidated Statements of Income)**  
**(Cumulative Second Quarter)**

	(Millions of Yen)	
	Cumulative Second Quarter of Previous Fiscal Year (April 1, 2017 to September 30, 2017)	Cumulative Second Quarter Under Review (April 1, 2018 to September 30, 2018)
Net sales	991,168	1,239,596
Cost of sales	927,484	1,166,891
Gross profit	63,684	72,705
Selling, general and administrative expenses	48,890	54,988
Operating profit	14,794	17,717
Non-operating income		
Interest income	199	230
Dividend income	880	658
Share of profit of entities accounted for using equity method	2,061	1,121
Purchase discounts	273	242
Other	801	928
Total non-operating income	4,216	3,181
Non-operating expenses		
Interest expenses	1,529	2,105
Other	326	765
Total non-operating expenses	1,856	2,871
Ordinary profit	17,153	18,027
Extraordinary income		
Gain on sales of investment securities	109	107
Gain on bargain purchase	—	1,318
Total extraordinary income	109	1,426
Extraordinary losses		
Loss on sales of non-current assets	—	55
Impairment loss	0	2
Loss on valuation of investment securities	403	—
Loss on valuation of investments in capital	—	172
Loss on liquidation of subsidiaries and associates	—	270
Total extraordinary losses	403	501
Profit before income taxes	16,859	18,952
Income taxes	4,999	5,479
Profit	11,859	13,472
Profit attributable to non-controlling interests	546	523
Profit attributable to owners of parent	11,312	12,949

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(Cumulative Second Quarter)**

	(Millions of Yen)	
	Cumulative Second Quarter of Previous Fiscal Year (April 1, 2017 to September 30, 2017)	Cumulative Second Quarter Under Review (April 1, 2018 to September 30, 2018)
Profit	11,859	13,472
Other comprehensive income		
Valuation difference on available-for-sale securities	2,720	41
Deferred gains or losses on hedges	96	264
Foreign currency translation adjustment	(976)	(1,590)
Remeasurements of defined benefit plans, net of tax	40	(34)
Share of other comprehensive income of entities accounted for using equity method	376	(625)
Total other comprehensive income	2,256	(1,944)
Comprehensive income	14,115	11,527
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,889	11,280
Comprehensive income attributable to non-controlling interests	225	247

**(3) Quarterly Consolidated Cash Flow Statements**

(Millions of yen)

	Cumulative Second Quarter of Previous Fiscal Year (April 1, 2017 to September 30, 2017)	Cumulative Second Quarter Under Review (April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	16,859	18,952
Depreciation	2,595	2,568
Impairment loss	0	2
Amortization of goodwill	22	28
Increase (decrease) in allowance for doubtful accounts	294	(150)
Increase (decrease) in provision	41	376
Increase (decrease) in net defined benefit liability	13	(42)
Interest and dividend income	(1,080)	(889)
Interest expenses	1,529	2,105
Share of loss (profit) of entities accounted for using equity method	(2,061)	(1,121)
Gain on bargain purchase	—	(1,318)
Loss (gain) on sales of non-current assets	—	55
Loss (gain) on sales of investment securities	(109)	(107)
Loss (gain) on valuation of investment securities	403	—
Loss on valuation of investments in capital	—	172
Decrease (increase) in notes and accounts receivable - trade	(44,658)	5,277
Decrease (increase) in inventories	(17,666)	1,593
Increase (decrease) in notes and accounts payable - trade	15,908	(9,401)
Other, net	54	(437)
Subtotal	(27,852)	17,664
Interest and dividend income received	1,654	2,250
Interest expenses paid	(1,517)	(2,039)
Income taxes paid	(3,452)	(6,239)
Net cash provided by (used in) operating activities	(31,168)	11,635
Cash flows from investing activities		
Decrease (increase) in time deposits	421	(455)
Purchase of property, plant and equipment	(2,482)	(2,687)
Proceeds from sales of property, plant and equipment	29	96
Purchase of intangible assets	(7)	(28)
Purchase of investment securities	(443)	(620)
Proceeds from sales of investment securities	277	116
Payments for transfer of business	—	(66,858)
Decrease (increase) in short-term loans receivable	(193)	(210)
Payments of long-term loans receivable	(26)	(27)
Collection of long-term loans receivable	17	13
Other, net	(206)	(276)
Net cash provided by (used in) investing activities	(2,614)	(70,939)

(Millions of yen)

	Cumulative Second Quarter of Previous Fiscal Year (April 1, 2017 to September 30, 2017)	Cumulative Second Quarter Under Review (April 1, 2018 to September 30, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	37,609	(30,895)
Net increase (decrease) in commercial papers	—	30,000
Proceeds from long-term loans payable	200	26,540
Repayments of long-term loans payable	(1,564)	(3,908)
Proceeds from issuance of bonds	—	29,845
Proceeds from issuance of common shares	—	8,108
Cash dividends paid	(3,242)	(3,713)
Dividends paid to non-controlling interests	(521)	(527)
Proceeds from share issuance to non-controlling shareholders	7	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(10)	—
Other, net	(473)	(335)
Net cash provided by (used in) financing activities	32,004	55,112
Effect of exchange rate change on cash and cash equivalents	(252)	(523)
Net increase (decrease) in cash and cash equivalents	(2,030)	(4,715)
Cash and cash equivalents at beginning of period	21,889	27,879
Increase (decrease) in cash and cash equivalents resulting from merger of subsidiaries	189	—
Cash and cash equivalents at end of period	20,048	23,163

#### (4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

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

On April 2, 2018, the Company underwent a capital increase by third-party allotment and received payment from Mitsui & Co. Ltd. Consequently, in the cumulative second quarter under review, capital stock and legal capital surplus both increased by ¥4,054 million, resulting in capital stock of ¥16,389 million and capital surplus of ¥54,805 million at the end of the second quarter under review.

(Additional Information)

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan [ASBJ] Statement No. 28, issued on February 16, 2018) and relevant Guidelines effective from the beginning of the first quarter under review. Accordingly, deferred tax assets are presented under "investments and other assets" and deferred tax liabilities are presented under "non-current liabilities."

(Segment Information, etc.)

[Segment Information]

I Cumulative Second Quarter of Previous Fiscal Year (April 1, 2017 to September 30, 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	803,458	44,419	72,790	69,667	990,334	834	991,168	—	991,168
Intersegment sales or transfers	433	526	0	—	960	93	1,054	(1,054)	—
Total	803,891	44,945	72,790	69,667	991,295	927	992,223	(1,054)	991,168
Segment profit (Ordinary profit)	12,637	2,268	983	1,214	17,103	50	17,153	0	17,153

(Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.

2. The 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 adjustment of ¥0 million.

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

Not applicable.

II Cumulative Second Quarter Under Review (April 1, 2018, to September 30, 2018)

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	1,048,373	45,445	74,143	70,863	1,238,826	770	1,239,596	—	1,239,596
Intersegment sales or transfers	409	393	3	—	806	83	890	(890)	—
Total	1,048,783	45,839	74,146	70,863	1,239,633	853	1,240,486	(890)	1,239,596
Segment profit (loss) (Ordinary profit (loss))	13,778	1,415	1,712	1,342	18,248	(219)	18,028	(1)	18,027

- (Notes) 1. “Others” represents items not included under “reportable segments,” and it includes real estate business.  
2. The downward adjustment of ¥1 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 ¥1 million.

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

Not applicable.