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## **NIPPON STEEL &** SUMITOMO METAL CORPORATION

# **FY2014 Earnings Summary**

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**Representative Director and Executive Vice President** 

April 28, 2015

Notes on this presentation material

- 'NIPPON STEEL & SUMITOMO METAL CORPORATION' is abbreviated as 'NSSMC'
  All volume figures are presented in metric tons
  Unless otherwise noted, all financial figures are on a consolidated basis

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# 1. FY2014: Results

# **2.** FY2015: Steel business environment & Our major themes

# 3. Overview: 2017 Mid-term plan

# 4. Appendix

# 1. FY 2014 : Results



## **Overview: FY2014 Results**

#### Business Environment

#### **Domestic:**

 YoY steel demand decreased due to demand pull back after tax increase

#### **Operational Highlights**

#### Production :

- 0.71<sub>MMT</sub> reduction of crude steel production (YoY) in response to demand decline trend
- Leads to proper inventory level

#### Financial Highlights

#### Ordinary profit:

- ¥451.7 bn (YoY :+25%)
- In spite of negative one-off impacts, ordinary profit increased by ¥90.7 bn

#### <u>Overseas:</u>

 Decline in Asian market price due to significant increase of exports from China and Korea

#### Other Efforts:

- By end of FY2014, 14 downstream lines ceased operation as 2013 Mid-term planned
- 2017 Mid-term plan was released
- Accelerating ahead toward the best steelmaker

#### Net income:

#### \*1

- ¥ 214.2 bn (+ ¥34.2 bn from previous forecast)
- ROE: 7.6%

#### Full-year dividend:

- \*1
- ¥ 5.5 / share (+ ¥0.5 / share from previous forecast)
- Dividend pay out ratio: 24.3%



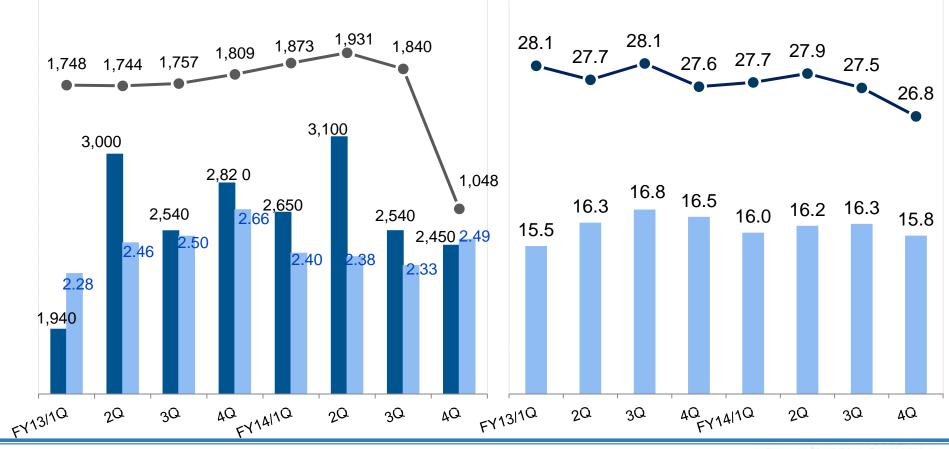
#### **Supply & Demand Trend**

#### **Key Demand Indicators**

Public Works Orders in Japan (¥ in billion)
 Finished Auto production in Japan (million cars)
 Number of active Rigs in USA

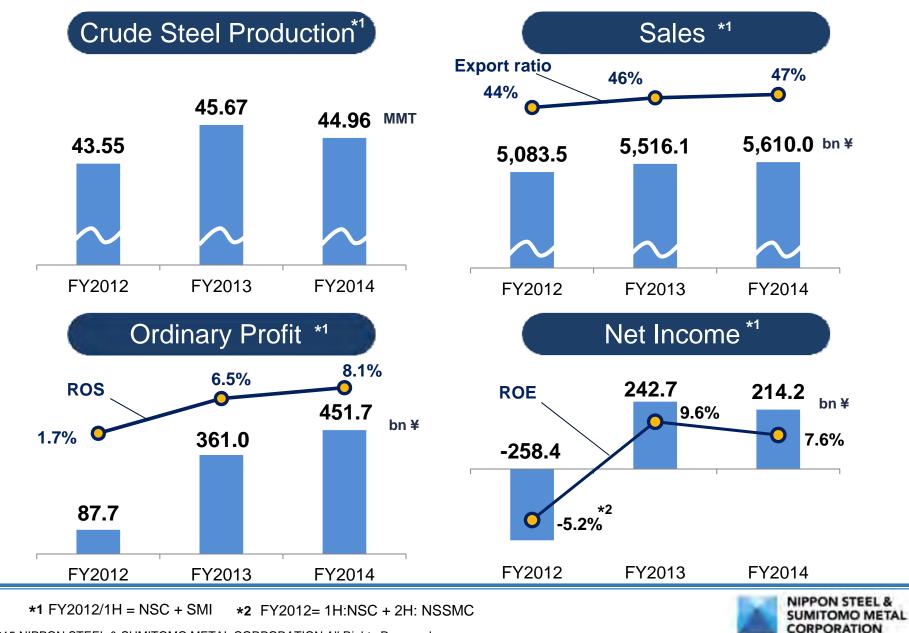
#### Steel Supply & Demand trend in Japan

- Steel Consumption in Japan (MMT)
- ---Crude Steel Production in Japan (MMT)





#### FY2014 Results: Key Indicators



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## **NSSMC Operational Highlights**

					F	Y14					Cha	nge	
(million tons)	FY13	1Q	2Q	1H	3Q	4Q	2H	*2 [E]		FY13 VS. FY14	FY14[E] VS. FY14	14/1H VS. 14/2H	14/3Q VS. 14/4Q
*1 Pig-iron production	44.80	11.05	11.60	22.64	11.35	10.91	22.27	[45.10]	44.91	+0.11	-0.19	-0.38	-0.44
Consolidated Crude Steel Production	48.16	11.86	12.16	24.02	11.83	11.47	23.30	[47.60]	47.32	-0.84	-0.28	-0.73	-0.37
Non-Consolidated Crude Steel Production	45.67	11.29	11.59	22.88	11.20	10.88	22.08	[45.20]	44.96	-0.71	-0.24	-0.80	-0.32
Steel Shipments	42.02	10.43	10.68	21.11	10.32	10.45	20.77	[42.10]	41.88	-0.14	-0.22	-0.33	+0.12
Seamless Pipe Shipments	1.20	0.30	0.29	0.58	0.30	0.31	0.61	[1.20]	1.19	-0.01	-0.01	+0.03	+0.01
Average Steel Selling Price (000 yen/ ton)	86.0	87.6	86.0	86.8	88.7	86.4	87.5	[87]	87.2	+1.2	+0.2	+0.7	-2.3
Steel Export Ratio (value basis (%))	46	46	47	46	48	48	48	[47]	47	+1	+0	+2	-1
FOREX (¥/\$)	100	102	103	103	113	119	116	[108]	109	Depreciate 9	Depreciate 1	Depreciate	Depreciate <b>7</b>

\*1 Includes pig-iron production of Hokkai Iron & Coke corp. and NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP.

**\*2** Figures as of January 29<sup>th</sup>, 2015

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#### **FY2014** Financial Results

					F١	(14					Cha	nge	
(¥ in billion)	FY13	1Q	2Q	1H	3Q	4Q	2H	*1 [E]		FY13 VS. FY14	FY14[E] VS. FY14	14/1H VS. 14/2H	14/3Q VS. 14/4Q
Net Sales	5,516.1	1,361.4	1,417.0	2,778.4	1,403.2	1,428.2	2,831.5	[5,650.0]	5,610.0	+93.9	-40.0	+53.1	+25.0
Operating Profit	298.3	59.6	75.8	135.5	119.6	94.3	213.9		349.5	+51.2		+78.4	-25.3
Ordinary Profit	361.0	74.3	102.0	176.3	166.8	108.6	275.4	[410.0]	451.7	<b>-</b> 90.7	+41.7	+99.1	-58.2
Special Profit (Loss)	38.0	-	(4.9)	(4.9)	(73.4)	2.7	(70.6)		(75.5)	-113.5		-65.7	+76.1
Net Income	242.7	48.3	63.9	112.2	41.3	60.7	102.0	[180.0]	214.2	-28.5	+34.2	-10.2	+19.4
[ EPS ]	[ 26.7 ]	[ 5.3 ]	[ 7.0 ]	[ 12.3 ]	[ 4.5 ]	[ 6.7 ]	[ 11.2 ]	[ 20.0 ]	[ 23.5 ]	[ -3.2 ]	[+ 3.5 ]	[-1.1]	[+ 2.2 ]
EBITDA	630.2	135.8	154.2	290.1	200.9	178.5	379.4		669.5	+39.3		+89.3	-22.5
EBITDA / Sales	11.4%	10.0%	10.9%	10.4%	14.3%	12.5%	13.4%		11.9%	+0.5%		+1.5%	-1.8%
ROS	6.5%	5.5%	7.2%	6.3%	11.9%	7.6%	9.7%	(7.3%)	8.1%	+1.5%	+0.8%	+3.4%	-4.3%
ROE	9.6%	7.2%	9.2%	8.2%	5.8%	8.3%	7.0%		7.6%	-2.0%		-1.1%	+2.5%

**\*1** Figures as of January 29<sup>th</sup>, 2015



				FY14			change
(¥ in billion)	FY13	1H	3Q	4Q	2H		FY13 VS. FY14
Gain on sales of investments in securities	56.6	5.2	0.9	8.2	9.1	14.3	-42.3
Special profit	56.6	5.2	0.9	8.2	9.1	14.3	-42.3
Loss on inactive facilitities	-18.6	-10.1	-5.7	-5.4	-11.1	-21.2	-2.6
Loss on on business of subsidiaries and affiliates	_	_	-68.6		-68.6	-68.6	-68.6
Special Loss	-18.6	-10.1	-74.3	-5.4	-79.7	-89.8	-71.2
Special Profit & Loss	38.0	-4.9	-73.4	2.7	-70.6	-75.5	-113.5
		-	*1		-		

Impairment loss on VSB project - 68.6 bn -

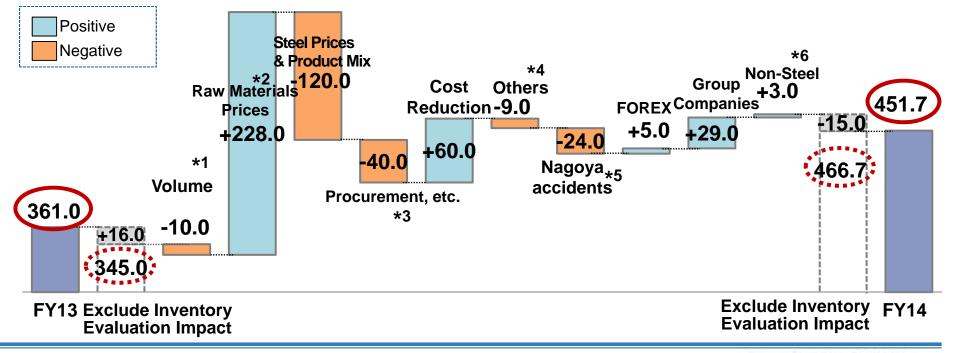
\*1 VSB project: VSB is seamless pipe production company in Brazil. Established by NSSMC and Vallourec as JV.

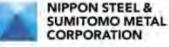


#### Ordinary Profit Variance Analysis [FY13 vs. FY14]

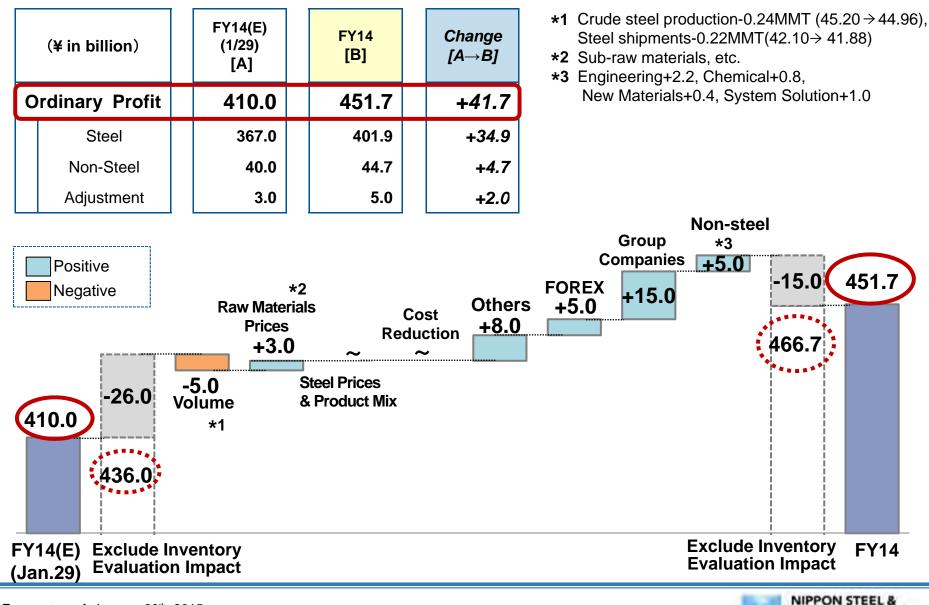
(¥ in billion)	FY13 [A]	FY14 [B]	Change [A→B]
Ordinary Profit	361.0	451.7	+90.7
Steel	321.2	401.9	+80.7
Non-Steel	41.9	44.7	+2.8
Adjustment	-2.1	5.0	+7.1

- **\*1** Crude steel production-0.71MMT (45.67→44.96) Steel shipments-0.14MMT (42.02→41.88)
- \*2 Incl. carry over, sub-raw materials
- **\*3** Price increase in logistics & electricity, etc.
- **\*4** System integration expense:-15.0, etc.
- **\*5** FY13:-8.0  $\rightarrow$  FY14:-32.0
- **\*6** Engineering+1.0, Chemical-3.2, New Materials+1.1, System Solution+3.8





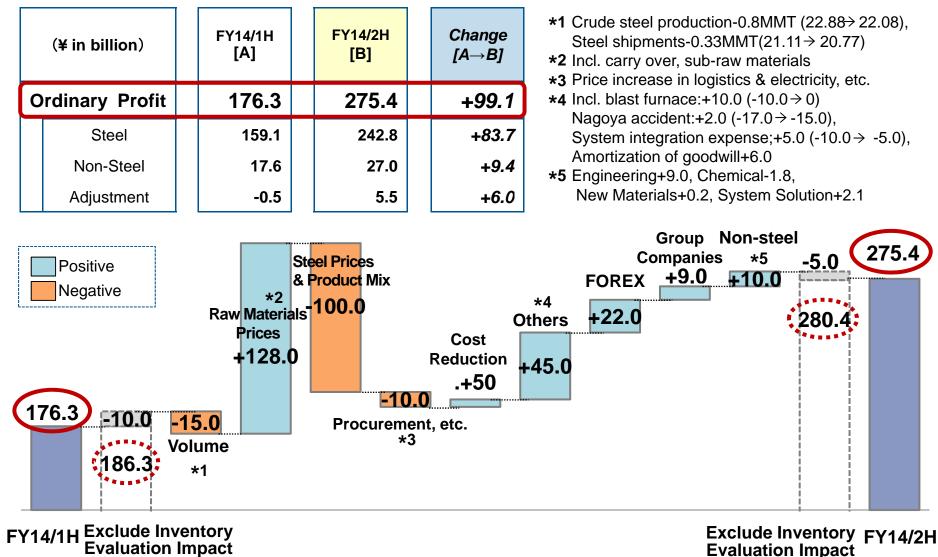
## **Ordinary Profit Variance Analysis [ FY14 (E)**<sup>\*</sup> vs. **FY14 ]**



\* Forecast as of January 29th, 2015

SUMITOMO METAL CORPORATION

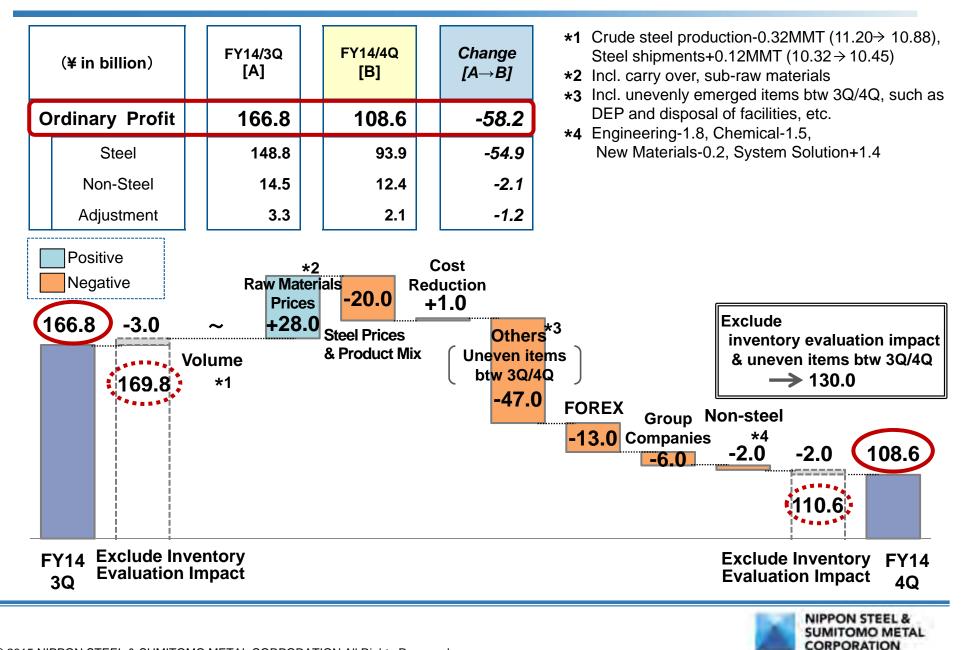
#### Ordinary Profit Variance Analysis [FY14/1H vs. FY14/2H]



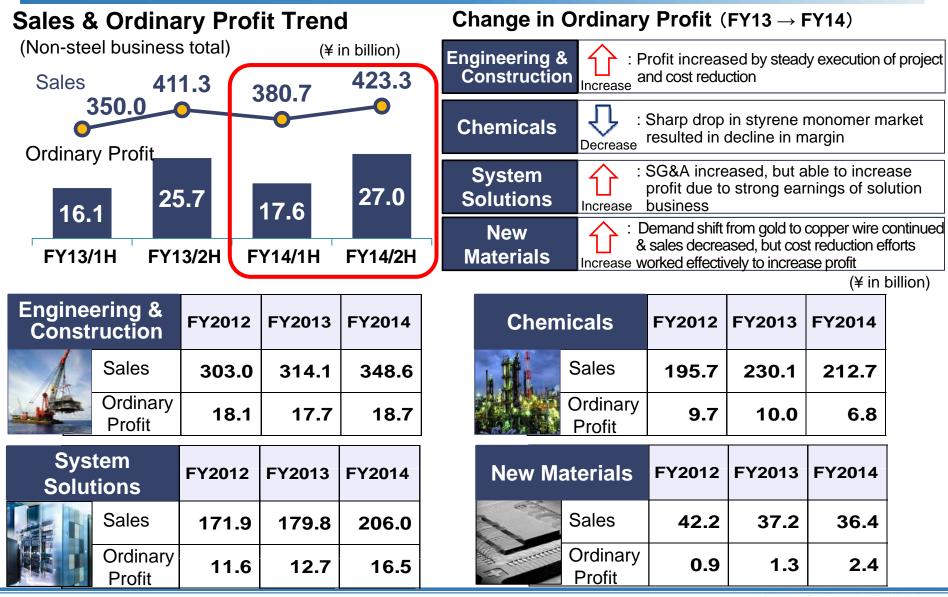
Exclude Inventory FY14/2H **Evaluation Impact** 



#### Ordinary Profit Variance Analysis [ FY14/3Q vs. FY14/4Q ]



## Non-Steel Business: FY2014 Financial Results





# **Balance Sheets**

	(¥ in Billion)		End of End of Y2013 FY2014		(¥ in Billion)	End of FY2013	End of FY2014		
	Current assets	2,27	3.3	2,333.8		Li	abilities	3,844.2	3,610.8
	Inventories	1,22	5.0	1,254.2			nterest-bearingdebt	2,296.3	1,976.5
	Fixed assets	4,80	8.9	4,824.1		N	et assets	32,379	35,470
	Tangible fixed assets	2,61	2.2	2,597.8			Equity Capital	2,683.6	2,978.6
	Investments in Securities	69	1.2	768.7			Unrealized gains on available-for-sale securities	189.8	279.6
	Investments in Subsidiaries & affiliates	1,14	5.5	1,079.5			Vinority interest in consolidated subsidiaries	554.3	568.3
As	ssets	7,08	2.2	7,157.9		Liab	oilities & net assets	7,082.2	7,157.9
			E	nd of FY 20	)1:	3	End of FY 2014	4 _C	hange

	End of FY 2013	End of FY 2014	Change
Total assets (¥ in b	) 7,082.2	7,157.9	+75.6
Interest bearing debt (¥ in b	) 2,296.3	1,976.5	-319.7
Equity Capital (¥ in b	) 2,683.6	2,978.6	+295.0
DER	0.86	0.66	-0.20



# Cash Flows (CFs)

#### FY 2014

	(¥in bn)		
Income before taxes & minority interests	376.1		(¥in bn)
Depreciation & amortization	320.0	•	erating activities
Equity in net income of affiliates & unconsolidated subsidiaries	-82.7	CFs from inv Free cash flo	esting activities
Loss on business of subsidiaries & affiliate	es 68.6		710.9
Income taxes Acquisition of tangible	-81.4	574.7	
& intangible fixed assets Acquisition of securities & investment in subsidiaries	-324.0 s -39.2	377.9	447.3
Asset compression	150.0		
Others	59.9		
ree Cash Flow	447.3		
Net increase (decrease) of debts	-319.7	-196.8	-263.6
Cash dividends	-45.7		203.0
Others	-74.4		
hanges in Cash & Cash equivalent	s +7.5	FY 2013	FY 2014



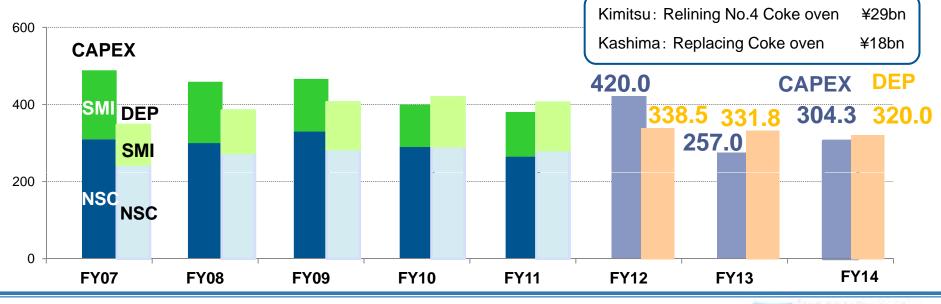
**Free Cash Flow** 

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#### **CAPEX** and Depreciation

								(¥ in billion)
NSSMC (Upper : NSC Lower : SMI)	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
	490.0	460.0	465.0	400.0	380.0	420.0	257.0	304.3
САРЕХ	(310.0)	(300.0)	(330.0)	(290.0)	(265.0)			
	(178.8)	(159.1)	(136.6)	(109.9)	(115.7)			
	346.5	383.5	404.8	417.7	403.8	338.5	331.8	320.0
Depreciation	(244.0)	(273.7)	(284.0)	(291.5)	(280.9)			
	(102.5)	(109.8)	(120.8)	(126.2)	(122.9)			

#### Major CAPEX plan





1 . . .

. ....

## **Year-end Dividend**

- Based on the basic profit distribution policy described below and favorable performance since previous forecast, NSSMC plans to request approval of General Meeting of Shareholders to increase the planned dividend by ¥0.5 and distribute year-end dividend of ¥3.5 / share
- This would bring the full-year dividend distribution amount to ¥5.5 / share (Consolidated dividend payout ratio of 23.4%)

#### [Cash Dividend Policy]

- Allocate profits according to earnings
- Factors below need to be considered as well
  - Reserves for future investment
     Earnings forecast
  - Consolidated and non-consolidated financial structure
- Target dividend payout ratio: approx. 20% (consolidated basis)

#### 2017 Mid-term plan (Applying from FY2015 interim dividend)







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# Change in the number of shares per share trading unit <sup>19</sup> & Share consolidation

	Before	After
Number of shares / share trading unit	<b>1,000</b> shares / unit	<b>100</b> shares / unit
Share consolidation	10 shares	1 shares
Authorized shares	<b>20.0</b> bn shares	<b>2.0</b> bn shares
(Outstanding shares)	( <b>9.5</b> bn shares)	( <b>0.95</b> bn shares)

#### **Effective date** (Planned) **October 1, 2015** Submitting a request for approval of the share consolidation to the General Meeting of

Submitting a request for approval of the share consolidation to the General Meeting Shareholders (June 24, 2015).

For more details, refer to "Notice of Change of the Number of Shares in a Unit of Shares, Share Consolidation, and Partial Amendment of Articles of Incorporation in Conjunction Therewith (http://www.nssmc.com/en/ir/library/pdf/20150428\_300.pdf)", released on Apr. 28, 2015.



# 2. FY2015 : Steel business environment & Our major themes



# **FY 2015 Steel Business Environment**

#### Japan

- 1Q : Temporary decline in demand
  - Construction sector (Seasonal)
  - Auto sector (Inc. inventory adjustment)
- 2Q~: Demand will recover
  - Recovery in construction & auto sector
  - Increase in capital expenditure

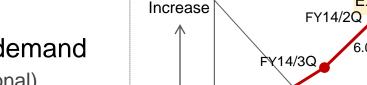
## Overseas

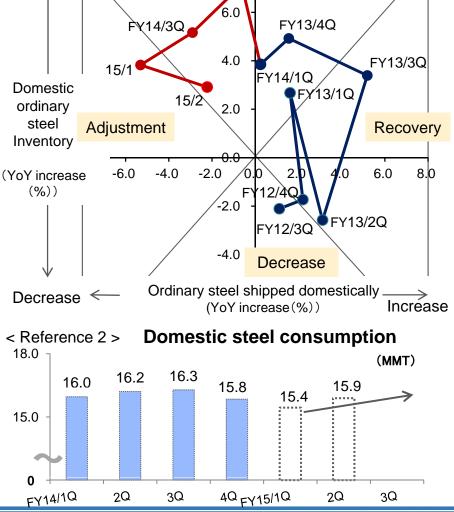
#### **Steel price:**

- Remain weak since volume of low priced exports from China continue to be high
- Some Chinese mills, however, showing improving trend of their margin

#### **Energy sector:**

 Sluggish demand due to decline of active rigs & postponement of energy related projects









Excessive accumulation

### Effectively implement initiatives of 2017 Mid-term plan

#### Enhance competitiveness of mother mills

- Output cuts in 1Q to adjust domestic steel inventory level (10% reduction of crude steel production)
- Intensively allocate resources to reinforce production bases during reduced production period

Profit improvement of overseas bases

## Strengthen group companies

# FY 2015: Factors Influence Our Business Performance<sup>23</sup>

Affecting factors (vs. FY2014)

# Positives

- Cost reduction
- Oil related expense
- Overseas JVs

## Negatives

- Demand from energy sector
- Profit from raw material investment

One-off factors

(vs. FY2014)

- Output cuts in 1<sup>st</sup> half (to adjust inventory level)
- Inventory evaluation
- FOREX (stock)

FY2015 guidance will be disclosed when reasonable estimate become possible



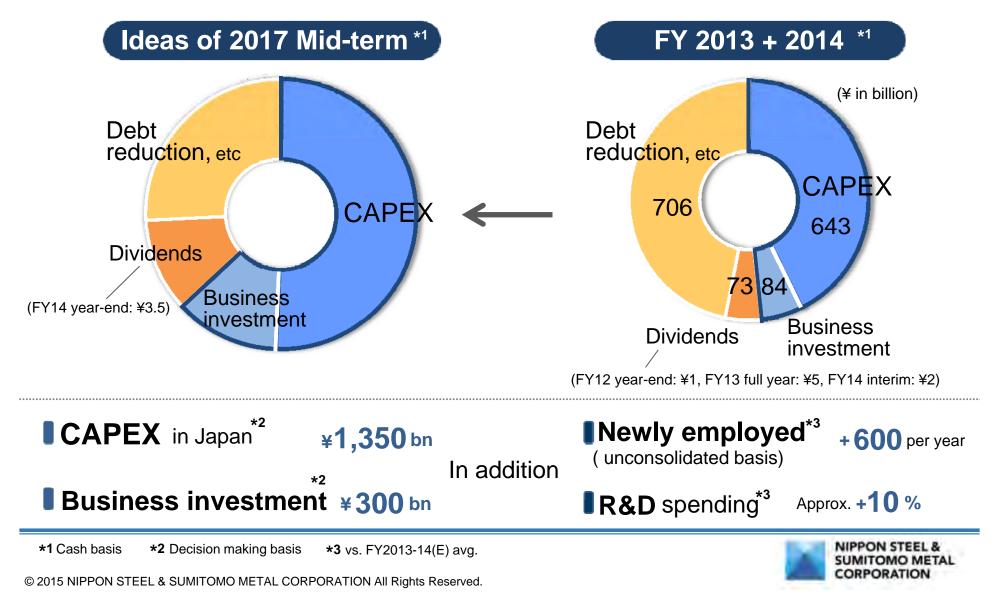
# 3. Overview: 2017 Mid-term plan



## 2017 Mid-Term Plan : Increase in Growth Investment

**Allocation of cash** generating from operating CFs & asset compression

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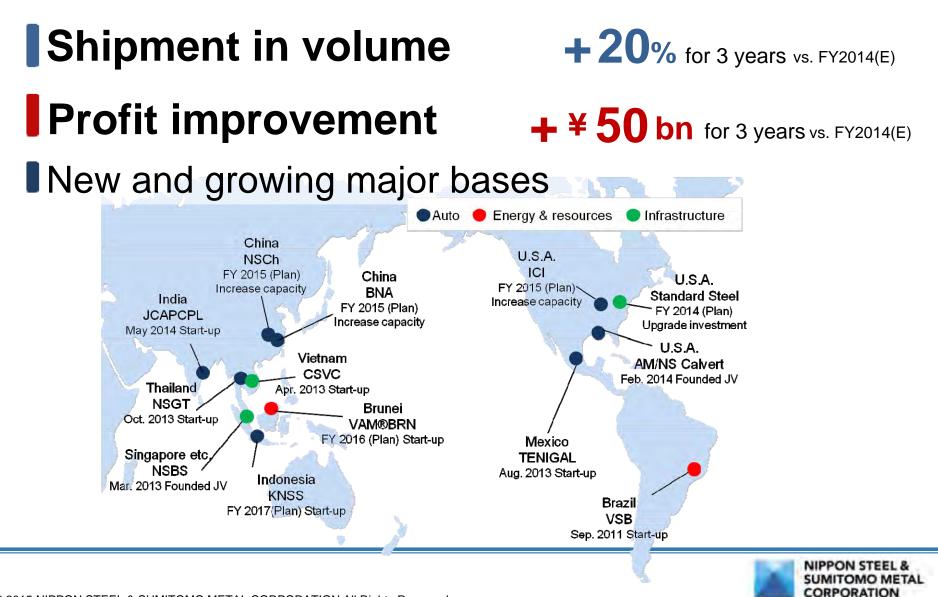


## 2017 Mid-Term Plan : Optimize Production Framework

#### **Time line to cease operations** (unconsolidated basis)

						Com	pleted	S	chedule
Products	Works	Action	Equipment	FY13	FY14	FY15	FY16	FY17	FY18
	Kimitsu	Close	No.3 BF				4Q		
Upstream		CIUSE	No.5 CC		2Q				
Process	Yawata	Close	Kokura No.3BF, etc						4
	Wakayama Suspend		No.2 BF			Start p	prepara	tion for	switch
	Kashima	Close	No.1CS <sup>*</sup> , etc (6 lines)			4Q			
	Wakayama	Close	No.1CS <sup>*</sup> , etc (4 lines)		1Q				
Sheet	Nagovo	Close	No.4 CGL	1Q					
	Nagoya	Close	EGL			4Q			
	Kimitsu	Close	No.1 CAPL		3	Q			
Pipe & tube	Kimitsu	Close	Butt welded pipe line		4Q				





# 2017 Mid-Term Plan : Enhance Technological Superiority<sup>28</sup>

**R&D** spending

Approx. + 1

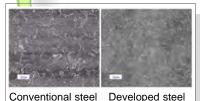
+ 10% vs. FY2013-14(E) avg.

#### Okochi Award Production Award

Invention of steel manufacturing process using multi-functional Integrated converter furnage method TOP100 GLOBAL INNOVATORS

## Ichimura Award• Main Prize

Development of eco-friendly ultra high tensile wire rods for bridge cable



2014 Top 100 Global Innovator Award

NSSMC received particularly high rating in "success rate\*" & "global reach"



#### Commendation by Minister of MEXT • Science & technology Award (For 9 consecutive years)

Development of eco-friendly low-carbon, non-leaded, & free cutting steel

\*"success rate" :suggesting NSSMC's intellectual property activities are based on its high level of strategy and global reach



## 2017 Mid-Term Plan : Expand Group-wide Synergies

#### NSSMC to wholly-own its 2 core subsidiaries through share exchange

## **NS-TEXENG**

(Consolidated net sales: ¥248.6 bn, 11,095 Employees)

Core group company in fields of equipment technology & maintenance Also, domestically, one of the largest steelmaking equipment engineering companies

# Contribute to 2017 Mid-term plan initiative of "enhancing mother mills' competitiveness"

Corporate name to be changed to

#### Suzuki Metal Industry -> NIPPON STEEL & SUMIKIN SG WIRE

(Consolidated net sales: ¥59.9 bn, 1,460 Employees)

Core group company in specialty steel wire with 6 \* orld-wide production bases & world's largest valve spring manufacturing company

#### Enhance competitiveness in specialty steel wire

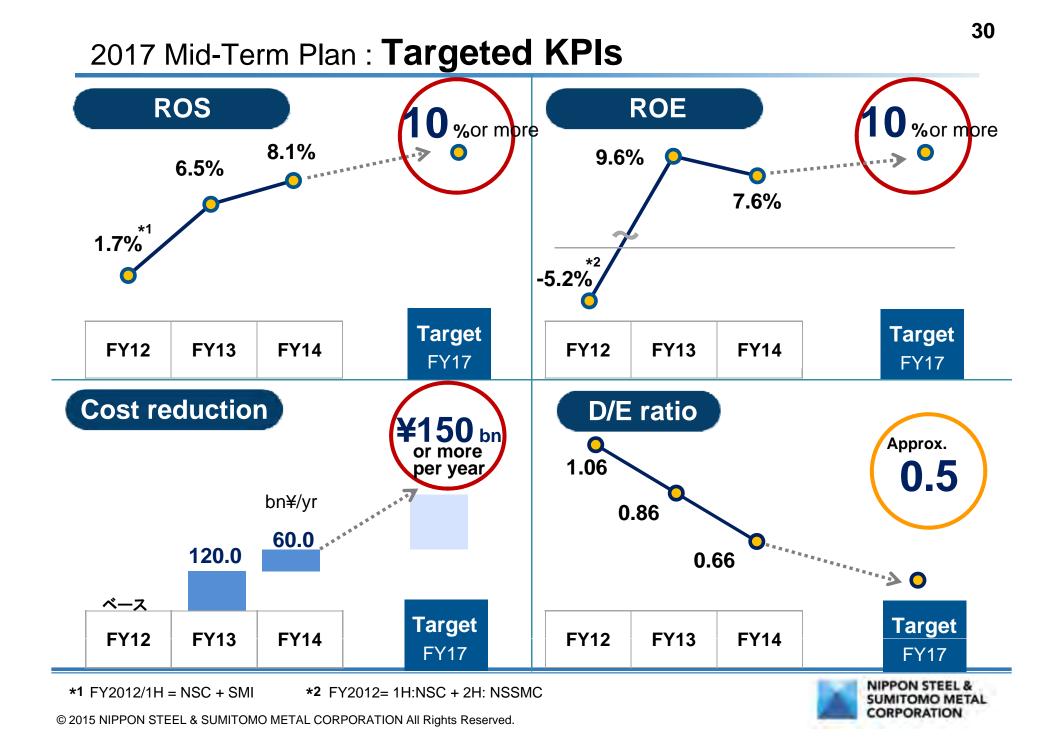
Practice coherent business strategy starting from raw materials (wire rod) to processing (wire)

#### **NSSMC** will allocate own shares for the share exchange

Circulating shares to be increased by 100 million shares (1%), but able to maintain ROE with synergy effects generating from wholly-owning of these companies

\*1 Production bases : Japan, Sweden, USA, China, Thailand, UK





# 4. Appendix



#### World Economic Outlook

<Released on April 14, 2015 by IMF>

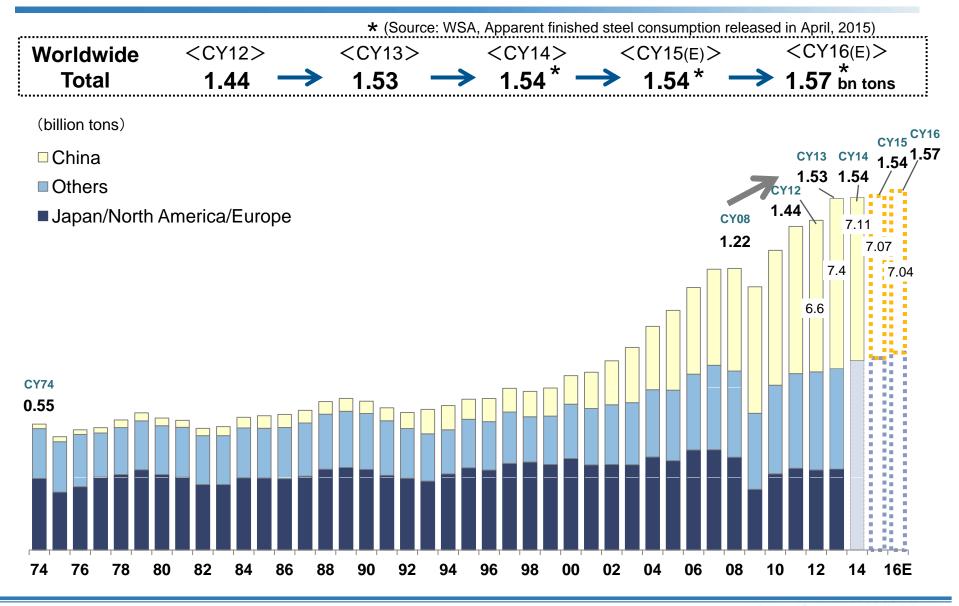
	( ): Outlook as of January. 20, 2015													
(G	DP growth rate)	2008	2009	2010	2011	2012	2013	2014	o	2015 outlook	2016 outlook			
Wo	orld Total	3.0	-0.5	5.3	3.9	3.4	3.4	(3.3) <b>3.4</b>	(3	3.5) <b>3.5</b>	(3.7) <b>3.8</b>			
	Developed Countries	0.5	-3.4	3.2	1.7	1.2	1.4	(1.8) 1.8	(2	2.4) 2.4	<i>(2.4)</i> <b>2.4</b>			
	USA	0.4	-2.6	3.0	1.8	2.3	2.2	<i>(2.4)</i> <b>2.4</b>	(3	3. <i>6)</i> <b>3.1</b>	(3.3) 3.1			
	EU27	0.6	-4.1	1.9	1.5	-0.7	-0.5	(0.8) 0.9	(*	1.2) 1.5	(1.4) <b>1.6</b>			
	Japan	-1.2	-6.3	4.4	-0.6	1.5	1.6	(0.1) -0.1	((	D.6) <b>1.0</b>	(0.8) 1.2			
	Developing Countries	6.1	2.7	7.5	6.2	5.1	5.0	(4.4) 4.6	(4	4.3) 4.3	(4.7) 4.7			
	China	9.6	9.2	10.4	9.3	7.7	7.8	(7.4) 7.4	(6	6.8) <b>6.8</b>	<i>(6.3)</i> <b>6.3</b>			
	India	7.3	6.8	10.6	6.3	4.7	6.9	<i>(5.8)</i> <b>7.2</b>	(6	6. <i>3)</i> <b>7.5</b>	(6.5) 7.5			
	ASEAN5 *1	4.7	1.7	7.0	4.5	6.2	5.2	(4.5) 4.6	(5	5.2) <b>5.2</b>	<i>(5.3)</i> <b>5.3</b>			
	Russia	5.6	-7.8	4.3	4.3	3.4	1.3	(0.6) 0.6	(	3.0) <b>-3.8</b>	(-1.0) <b>-1.1</b>			
	Brazil	5.1	-0.6	7.5	2.7	1.0	2.7	(0.1) <b>0.1</b>	((	D.3) <b>-1.0</b>	(1.5) <b>1.0</b>			

\* ASEAN 5 : Thailand, Malaysia, Indonesia, Philippines, Vietnam

(Source : IMF)



#### **Worldwide Steel Demand Trend**





#### **World Crude Steel Production**

					CY	14					C۲	15		
(million tons)	CY13	Jan - Mar	Apr - Jun	Jul - Sep	Oct	Nov	Dec	Oct - Dec [A]		Jan	Feb	Mar	Jan - Mar [B]	Change (A → B)
World *1	1,582	405	416	407	136	130	134	400	1,637	137	125	138	400	-0.5
Total (RC)*2	(+4.0%)	(+3.8%)	(+3.8%)	(+2.6%)	(+1.6%)	(+1.7%)	(+0.1%)	(+1.1%)	(+3.4%)	(-0.1%)	( -0.9%)	(-2.5%)	(-1.2%)	(-0.1%)
Japan	110.6	27.6	27.7	27.9	9.4	9.2	9.0	27.5	110.7	9.0	8.4	9.3	26.7	-0.8
(RC) <b>*2</b>	(+3.1%)	(+3.5%)	(-1.4%)	(+0.6%)	(-1.7%)	(-1.1%)	(-3.6%)	(-2.1%)	(+0.1%)	(-4.0%)	(-0.1%)	(-4.5%)	(-3.0%)	(-2.9%)
Korea	66.0	17.7	18.4	17.2	6.1	5.9	5.8	17.7	71.0	5.9	5.1	5.7	16.7	-1.1
(RC) <b>*2</b>	(-4.4%)	(+6.6%)	(+11.7%)	(+10.3%)	(+3.9%)	(+4.7%)	(-1.6%)	(+2.3%)	(+7.6%)	(-2.0%)	(-3.6%)	(-11.0%)	(-5.7%)	(-6.1%)
USA	87.0	21.6	22.0	22.7	7.4	7.2	7.4	22.0	88.3	7.3	6.2	6.6	20.0	-2.0
EU28	165.8	43.9	43.6	40.2	14.7	14.2	12.6	41.5	169.2	14.5	13.9	15.3	43.7	+2.2
Russia	69.4	17.2	18.0	18.0	5.7	5.8	5.9	17.5	70.7	6.2	5.8	6.0	18.0	+0.5
Brazil	34.2	8.4	8.4	8.8	3.1	2.7	2.6	8.4	33.9	3.0	2.7	2.8	8.4	+0.1
India	81.2	20.8	20.7	20.9	6.8	6.8	7.1	20.7	83.2	7.7	7.2	8.0	22.8	+2.0
China	779.0	201.0	208.6	204.8	67.5	63.3	68.1	198.9	822.7	68.6	61.9	69.5	200.0	+1.1
(RC) <b>*2</b>	(+8.7%)	<mark>(+4.9%)</mark>	(+5.7%)	(+3.9%)	(+3.7%)	(+4.0%)	(+1.9%)	(+3.2%)	(+5.6%)	(-0.2%)	(-0.2%)	(-1.1%)	(-0.5%)	(0.6%)

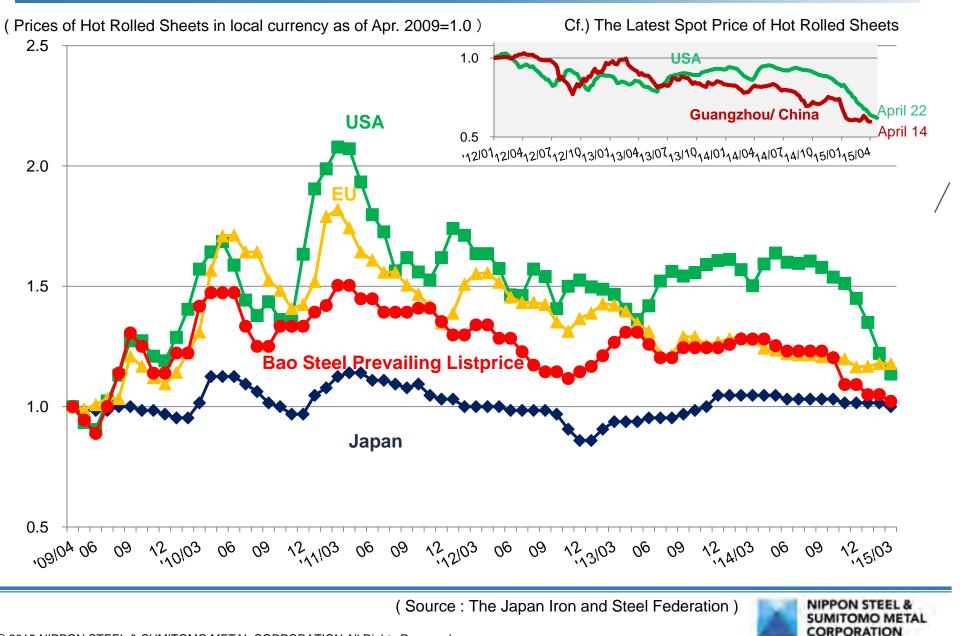
\*1 Total of 65 countries \*2 Rate of Change from a year earlier period

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(Source : World Steel Association)



#### **Hot Rolled Sheets Prices by Region**



## **Key Indicators of Demand**

	FY13	5 FY14						FY15		Change				
[ Domestic ]		1H	3Q	4Q	2H	*1 [E]		*2 1Q[E]	*2 2Q[E]	*2 1H[E]	14/1H VS. 14/2H	FY13 VS. FY14	14/2H VS. 15/1H[E]	
Housing Starts (million houses)	0.99	0.44	0.23	0.21	0.44	[0.88]	0.88	0.22	0.24	0.46	-0.00	-0.11	+0.02	
Non-residential (million m <sup>3</sup> ) Construction Starts	56.27	27.34	13.25	12.99	26.24	[54.78] 5	3.58	13.40	13.50	26.90	-1.10	-2.69	+0.65	
Public Works Orders (¥ in billion)	10,305	5,752	2,538	2,450	4,988	[10,252] 10	,740	1,900	2,713	4,613	-765	+436	-375	
Finished Auto Production (million cars)	9.91	4.78	2.33	2.49	4.81	[9.61]	9.60	2.21	2.33	4.54	+0.03	-0.32	-0.27	
Export of Finished Auto (million cars)	4.63	2.24	1.15	1.16	2.31	[4.65]	4.55	1.14	1.15	2.29	+0.08	-0.08	-0.02	
Overseas Auto Production (8 Japanese car makers)(million cars)	16.34	8.43	4.37	4.28	8.65	1	7.08				+0.22	+0.74		
Large & Middle sized Shovel Production (thousand units)	80	39	20	17	38	[71]	77	15	17	32	-1	-3	-6	
Metal Machine Tool Production (thousand tons)	344	231	115	115	229	[452]	460	115	119	234	-1	+116	+4	
Keel-laid New Ships (m. gross tons)	12.22	6.65	3.28	3.25	6.53	1	3.18	3.25	3.28	6.53	-0.12	+0.96	+0.00	
Rig Count		CY09	CY1	0	CY11	CY12	C	Y13	CY14		Latest			
USA		1,089	1,5	646	1,875	1,919	1	,761	1,862	2	932	(April 24	st April 24, 2015)	
Deep well (≧15,000ft) 249		249	249		395	324		326	354	L L	284	(February, 2015)		
World total (Except N. America, Russia & China)		997	1,0	94	1,167	1,234	1	,296	1,337		1,251 (March, 2015)		ı, <b>2015)</b>	

(Source: Baker Hughes, Smith international, NSSMC est.)

\*1 Figures as of January 29<sup>th</sup>, 2015 \*2 Estimates as of mid-March, 2015



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## **Domestic Steel Consumption by Industrial Sector**

(million tons)		FY14						FY15			Change		
	FY13	1H	3Q	4Q	2H	*1 [E]		*2 1Q[E]	2Q[Ě]	*2 1H[E]	14/1H VS. 14/2H	FY13 VS. FY14	14/2H VS. 15/1H[E]
Crude Steel Production in Japan	111.52	55.56	27.54	26.75	54.29	[110.40]	109.85	25.51			-1.28	-1.68	
Domestic Steel Consumption (A + B)	65.14	32.17	16.28	15.84	32.13	[64.29]	64.29	15.44	15.89	31.33	-0.04	-0.85	-0.80
% for manufacturing sector	62.8	63.5	62.7	63.4	63.0	[63.0]	63.2	63.7	63.4	63.5	-0.4	+0.4	+0.5
Ordinary Steel Consumption (A)	51.82	25.51	12.98	12.67	25.65	[51.20]	51.16	12.21	12.55	24.75	+0.14	-0.66	-0.89
Construction	23.01	11.16	5.77	5.53	11.30	[22.58]	22.46	5.32	5.53	10.85	+0.14	-0.56	-0.45
Manufacturing	28.80	14.35	7.21	7.14	14.35	[28.61]	28.70	6.89	7.02	13.91	-0.01	-0.10	-0.44
Shipbuilding	4.16	2.22	1.11	1.09	2.20	[4.48]	4.42	1.09	1.10	2.19	-0.02	+0.26	-0.01
Automotive	11.48	5.54	2.78	2.81	5.58	[11.00]	11.12	2.61	2.76	5.37	+0.04	-0.35	-0.22
Industrial Machine	5.05	2.70	1.37	1.26	2.63	[5.11]	5.33	1.24	1.24	2.48	-0.07	+0.28	-0.14
Electronic Machine	3.11	1.55	0.75	0.77	1.51	[3.09]	3.06	0.78	0.76	1.53	-0.04	-0.05	+0.02
Specialty Steel Consumption (B)	13.32	6.65	3.30	3.18	6.48	[13.06]	13.13	3.24	3.34	6.58	-0.17	-0.19	+0.10
Steel Imports	6.55	3.52	1.66	]									
Steel Exports	39.15	19.43	9.83	1									

(Source : NSSMC est.)

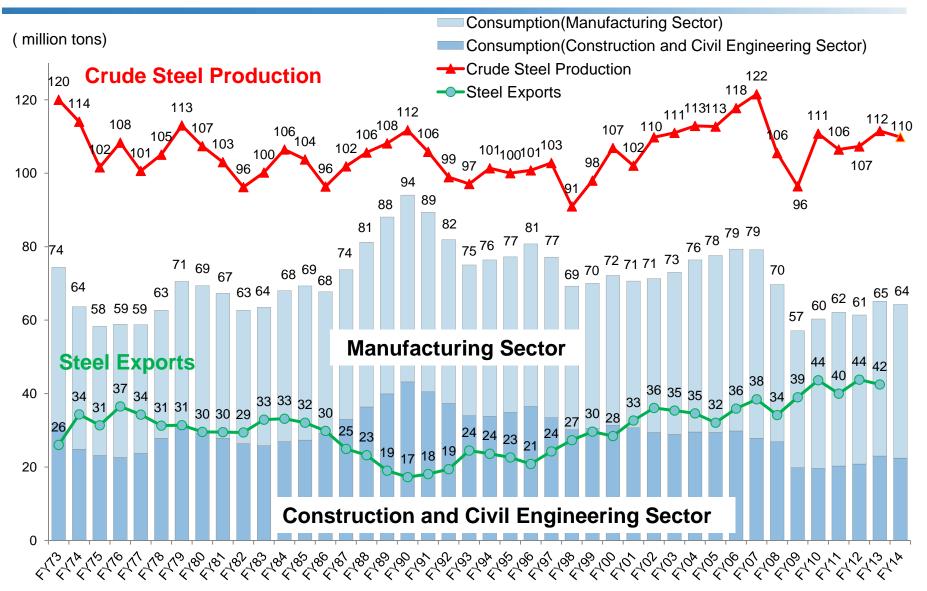
**\*1** Figures as of January 29<sup>th</sup>, 2015

**\*2** Estimates as of mid-March, 2015

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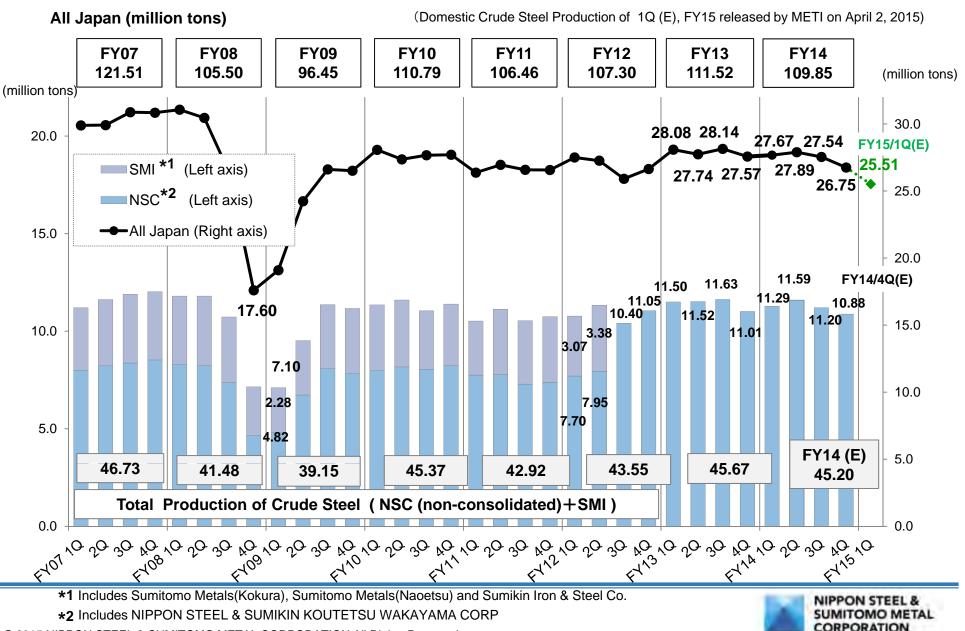
## **Domestic Steel Consumption Trend – Long Term**



(Source: JISF Steel Consumption/ NSSMC est.)



#### **Domestic Crude Steel Production Trend**



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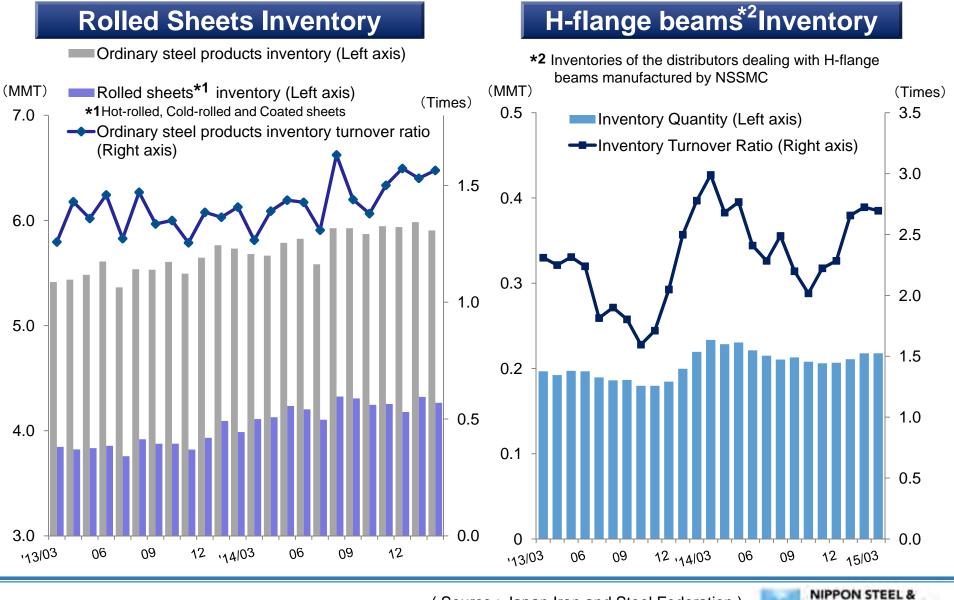
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#### **Domestic Steel Products Prices**

#### Plates & H-flange beams Hot-rolled sheets & Cold-rolled sheets (thousand yen / ton) (thousand yen / ton) 90 90 H-flange beams (200 × 100) Hot-rolled sheets (2.3xS) Plates(19mm) Cold-rolled sheets (1.0xS) April 24 80.0 April 24 80 80 78.0 76.0 77 74 70 70 64.0 60 60 50 50 09 12, 14/03 12, <sub>15|</sub>03 , <sub>13|</sub>03 06 09 06 06 09 12, 14/03 06 09 12, 15/03 , <sub>13|0</sub>3



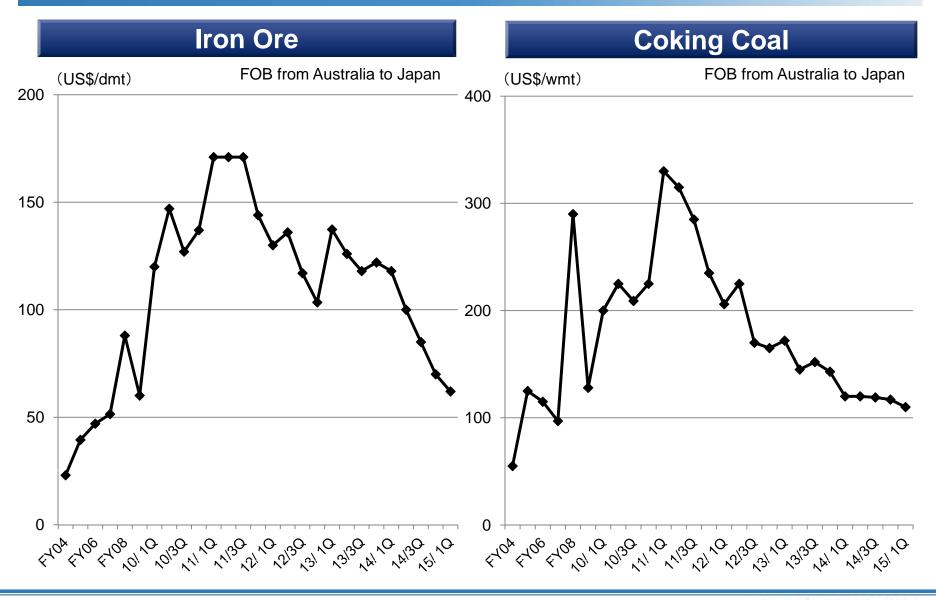
#### **Domestic Steel Inventory Trends**



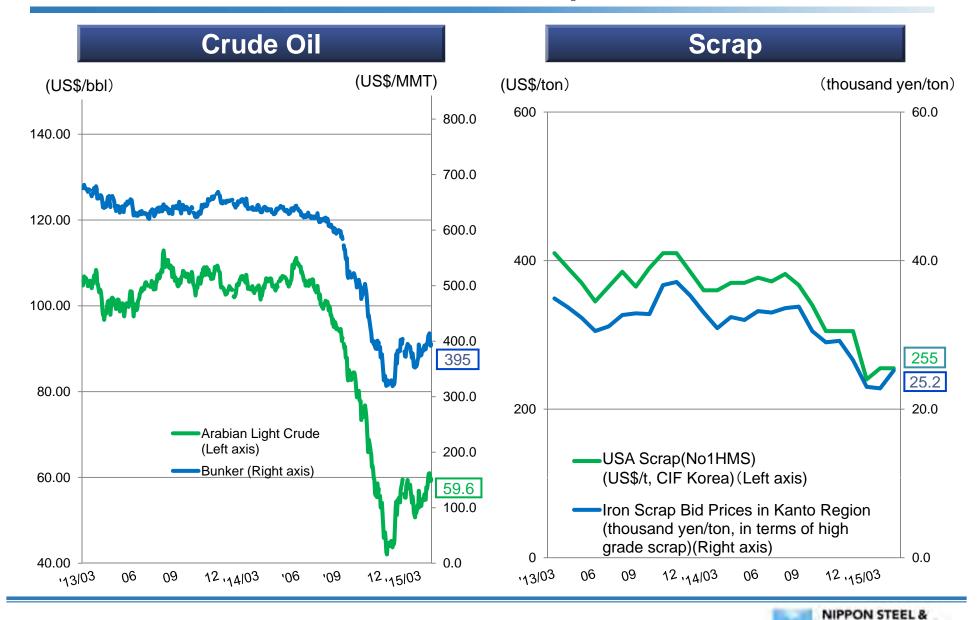
(Source : Japan Iron and Steel Federation)

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#### **Iron Ore & Coking Coal Price Trends**

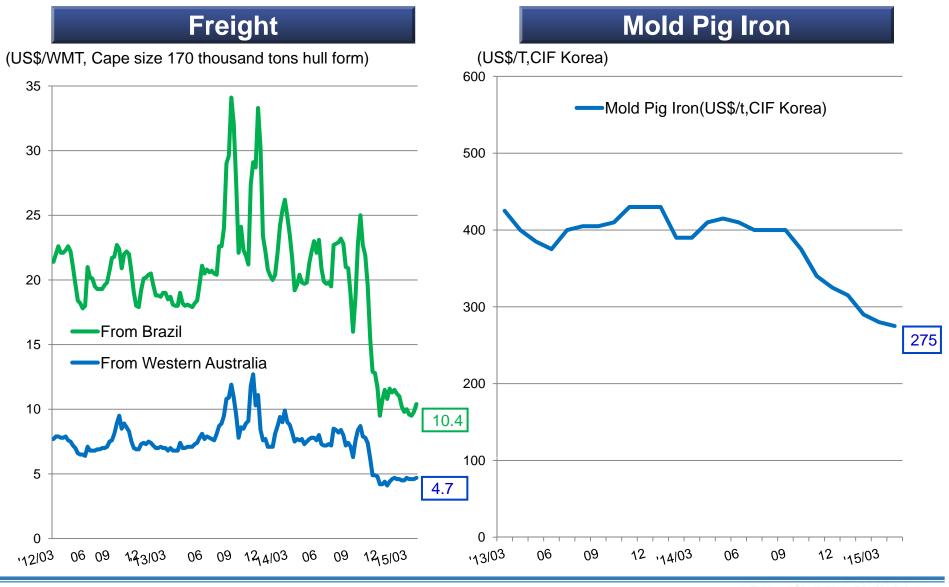


#### Market Trends < Crude Oil & Scrap>



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#### Market Trends <Freight & Mold Pig Iron>





#### **FOREX Trend**





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