

5401: JP

NSSMY: ADR (US)



**NIPPON STEEL &
SUMITOMO METAL
CORPORATION**

Third Quarter FY2017 Earnings Summary

Katsuhiro Miyamoto

Managing Executive Officer

February 1st, 2018

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

© 2018 NIPPON STEEL & SUMITOMO METAL CORPORATION All Rights Reserved.

Agenda

1. FY2017 3Q Results & Full Year Forecast
2. Progress in Mid-Term Management Plan
3. Appendix

1. FY2017 3Q Results & Full Year Forecast

Overview: FY2017 3Q Results & Full Year Forecast

Business Environment

- **Domestic:** Economy continued moderate recovery, supported by improvement in private consumption and capital investment, and an uptick in corporate production activities.
Steel demand stayed firm, especially in the automotive and industrial machinery sectors.
- **Overseas:** Economy stayed on a recovery trend overall. Solid undertone in USA and Europe.
Stable in China, and moderate recovery in developing countries.
Steel demand remained steady as a whole. Steel market, from the 2nd quarter onward, remained stable at high level because of progress toward reducing excess production capacity in China etc.

Topics

- **Commodity Price:** Prices of alloys and freight cost remain at high level.
- **Sales price:** Ongoing negotiation to improve the metal margin for sustainable reproduction.
- **Group companies :**
 - Katakura Steel Tube to become an NSSMC Subsidiary (Feb., 2018)
 - Transfer of shares of Ringh Techs Co., Ltd. To Topy Industries, Limited (Jan., 2018)
 - Merger with Nippon Steel & Sumikin Koutetsu Wakayama Corporation (Apr., 2018 (Planned))
- **Non-Steel :** NSENGI* and TOYO** signed Comprehensive Collaboration Agreement (Dec., 2017)

*NIPPON STEEL & SUMIKIN ENGINEERING

**Toyo Engineering Corporation

Financial Highlights

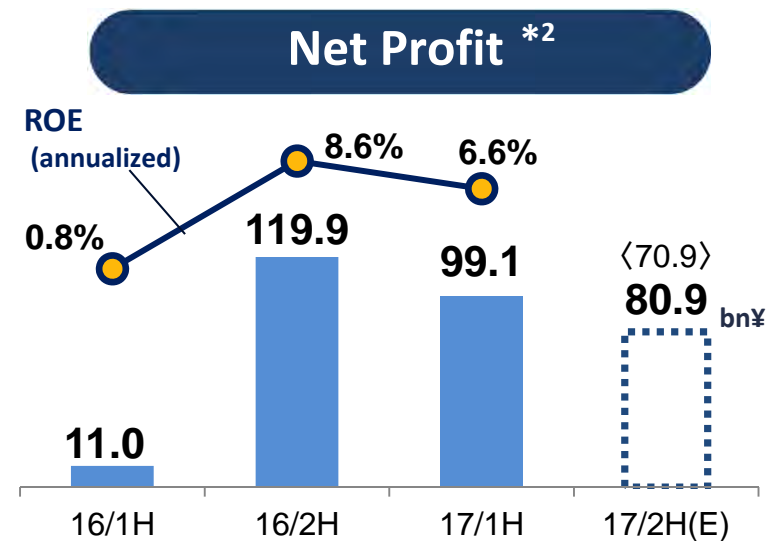
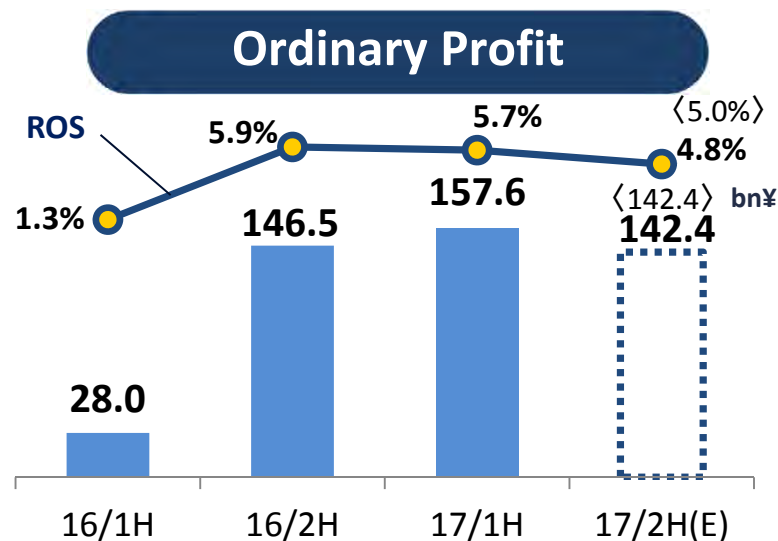
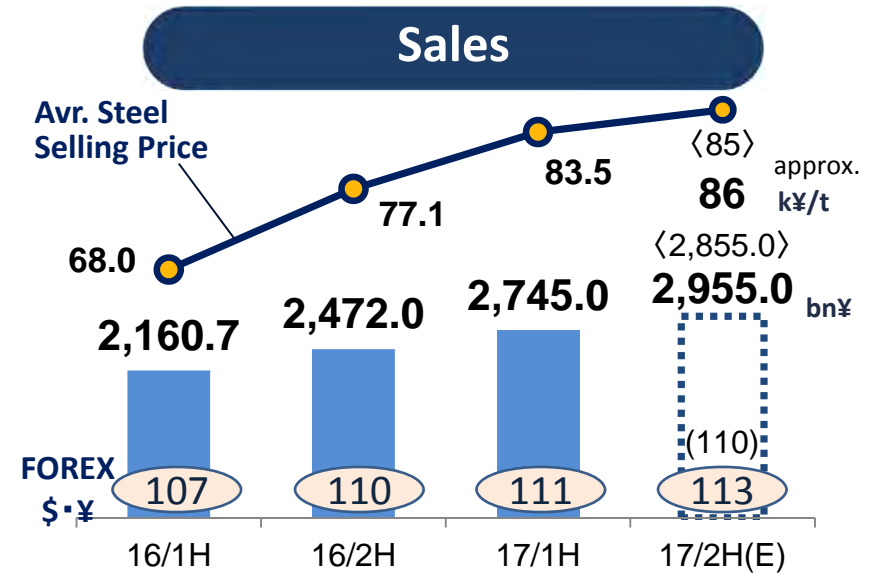
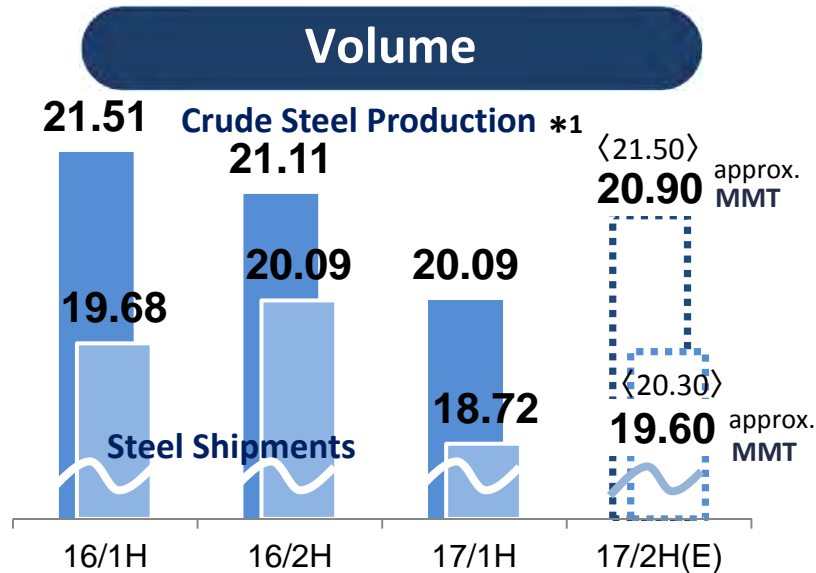
	9months FY2017	FY2017 (E)
Ordinary Profit (bn ¥)	225.4 (ROS 5.4%)	300.0 (ROS 5.3%)
Net Profit (bn ¥) *1	156.0 (¥176.8/share)	180.0 (¥204.0/share)

- Year-end dividend forecast: ¥30.00/share
Full-year dividend forecast: ¥60.00/share
Consolidated payout ratio: approx. 30%

*1 Profit attributable to owners of parent



Key Indicators



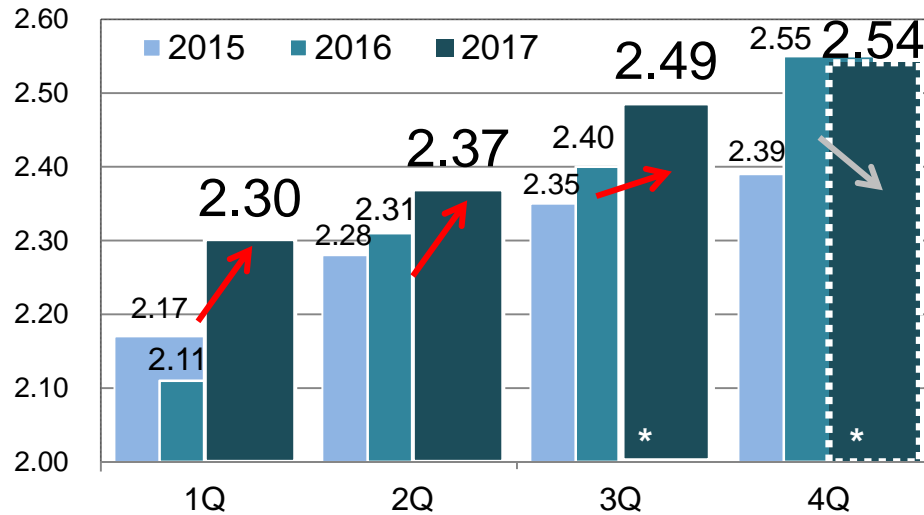
*1 Non-consolidated + Nippon Steel & Sumikin Koutetsu Wakayama Co.

*2 Profit attribute to owners of parent

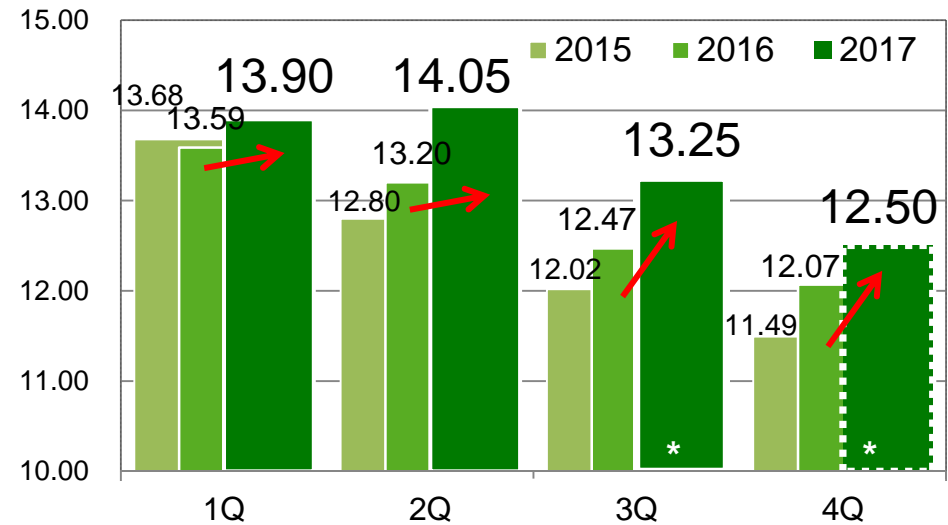
* Figures in brackets are published on Oct.27, 2017

Key Indicators of Domestic Steel Demand

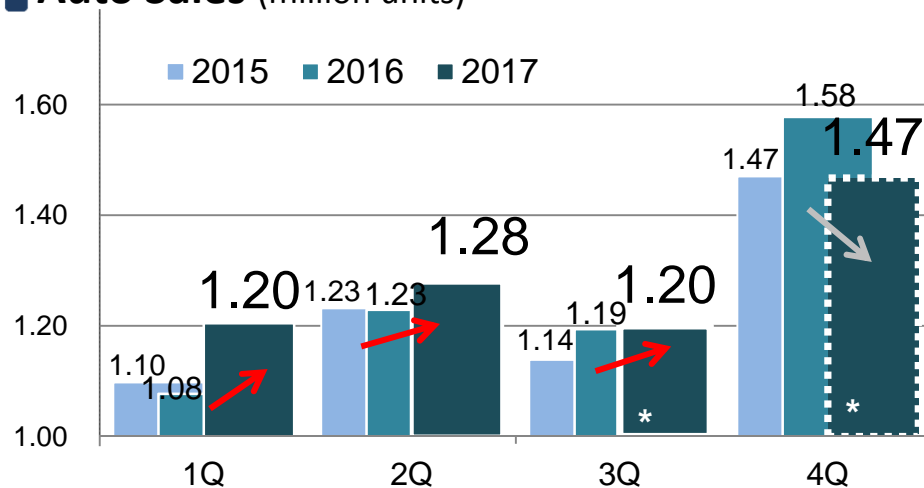
Finished Auto Production (million units)



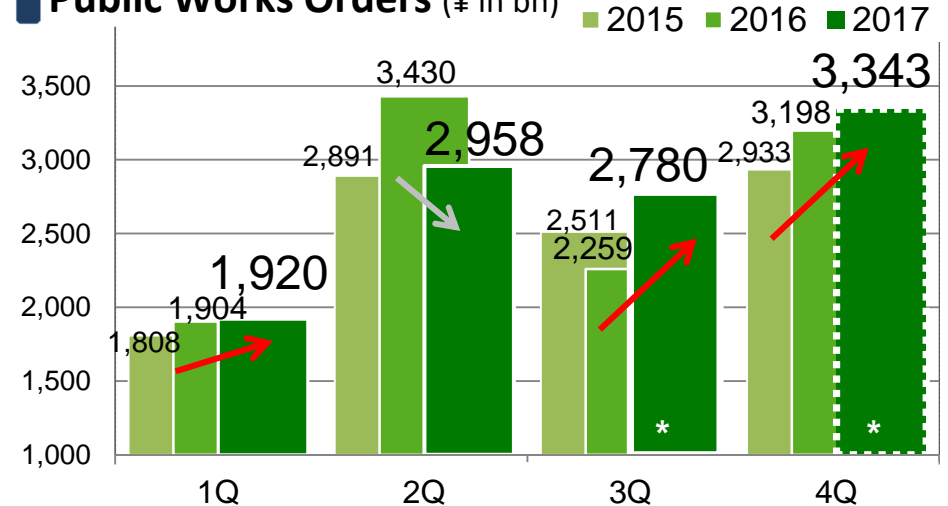
Non-Residential Construction Starts (million m²)



Auto Sales (million units)



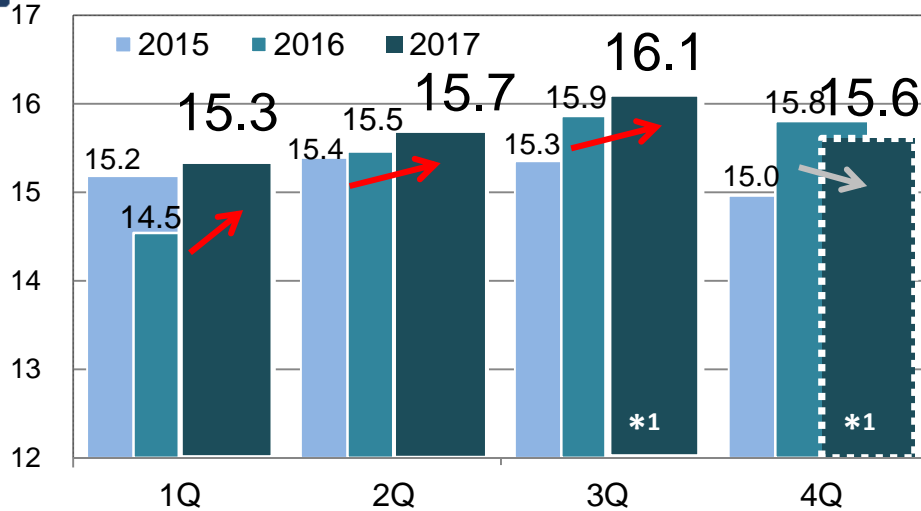
Public Works Orders (¥ in bn)



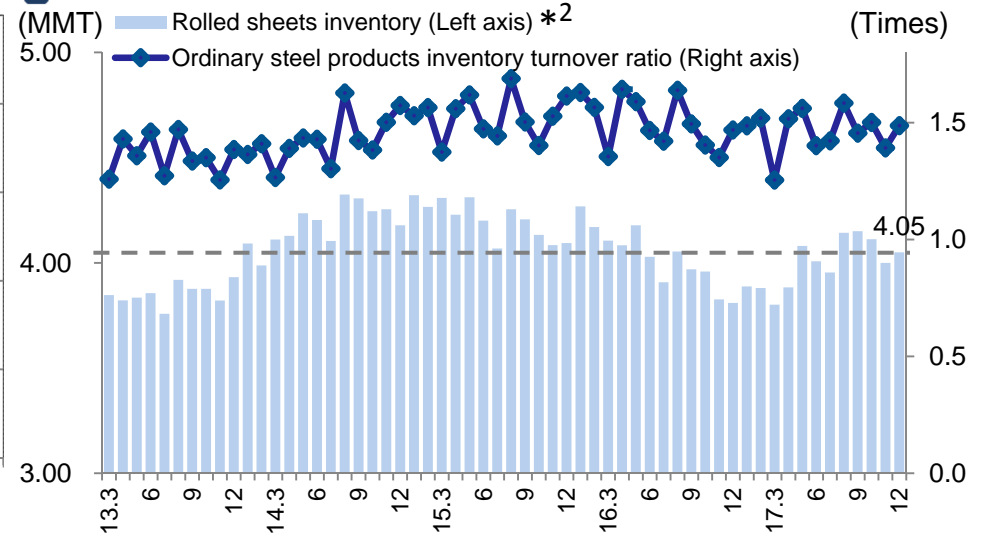
* Estimates as of early in Dec, 2017.

Domestic Steel Supply-Demand

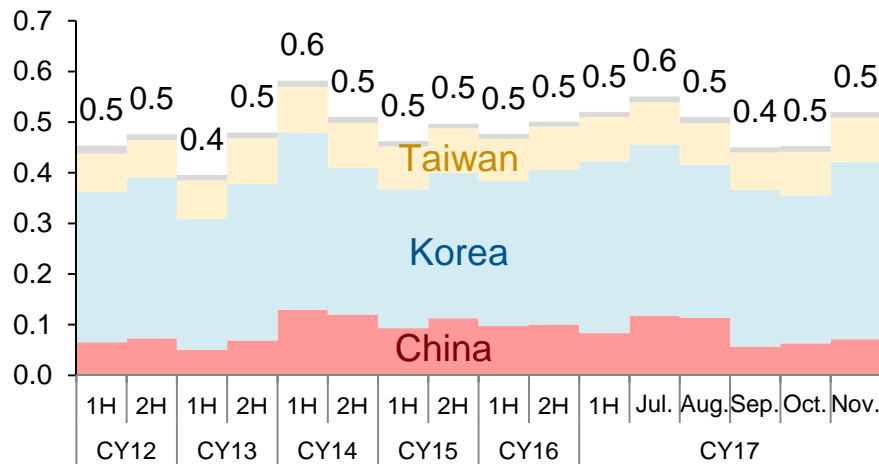
Steel Consumption (MMT)



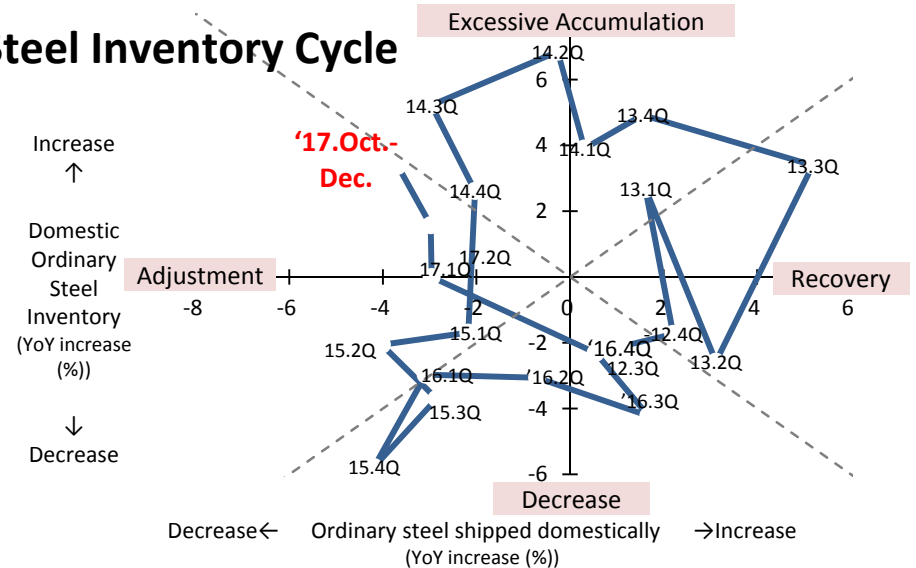
Rolled Sheets Inventory



Steel Imports by Region (MMT/Month)



Steel Inventory Cycle



*1 Estimates as of early in Dec,2017.

*2 Hot-rolled, Cold-rolled and Coated sheets

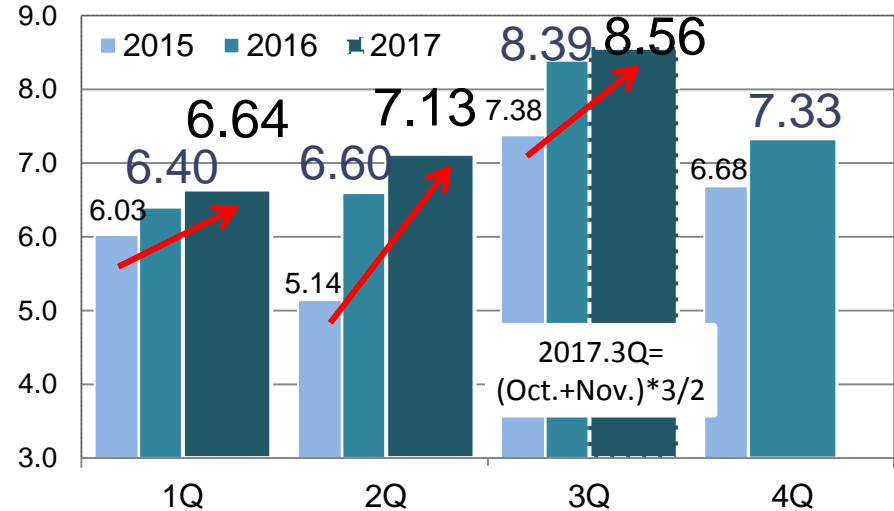


Key Indicators of Steel Demand Overseas

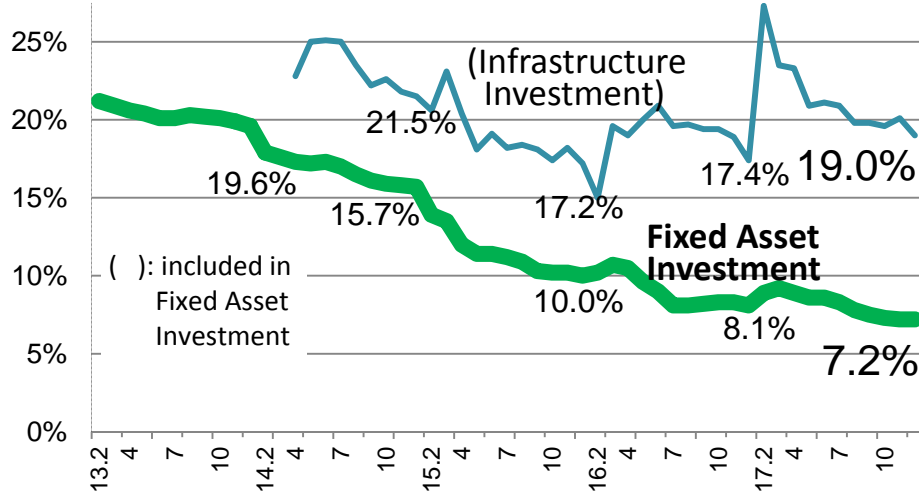
Manufacturers' New Orders in USA
Nondefense Capital Goods Excluding Aircraft (bn\$/M)



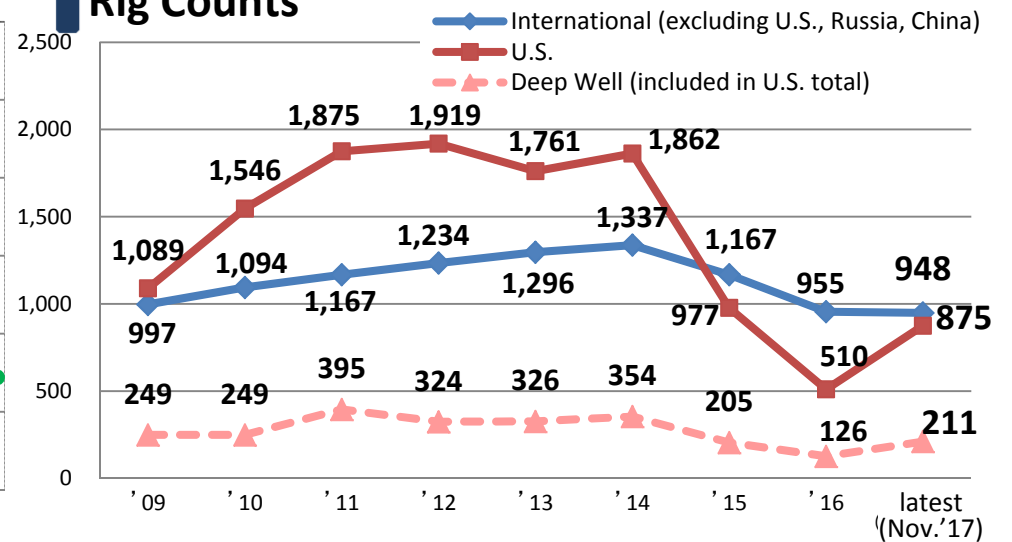
Finished Auto Production in China (million units)



Fixed Asset Investment in China
(ratio of growth over the previous year)*



Rig Counts



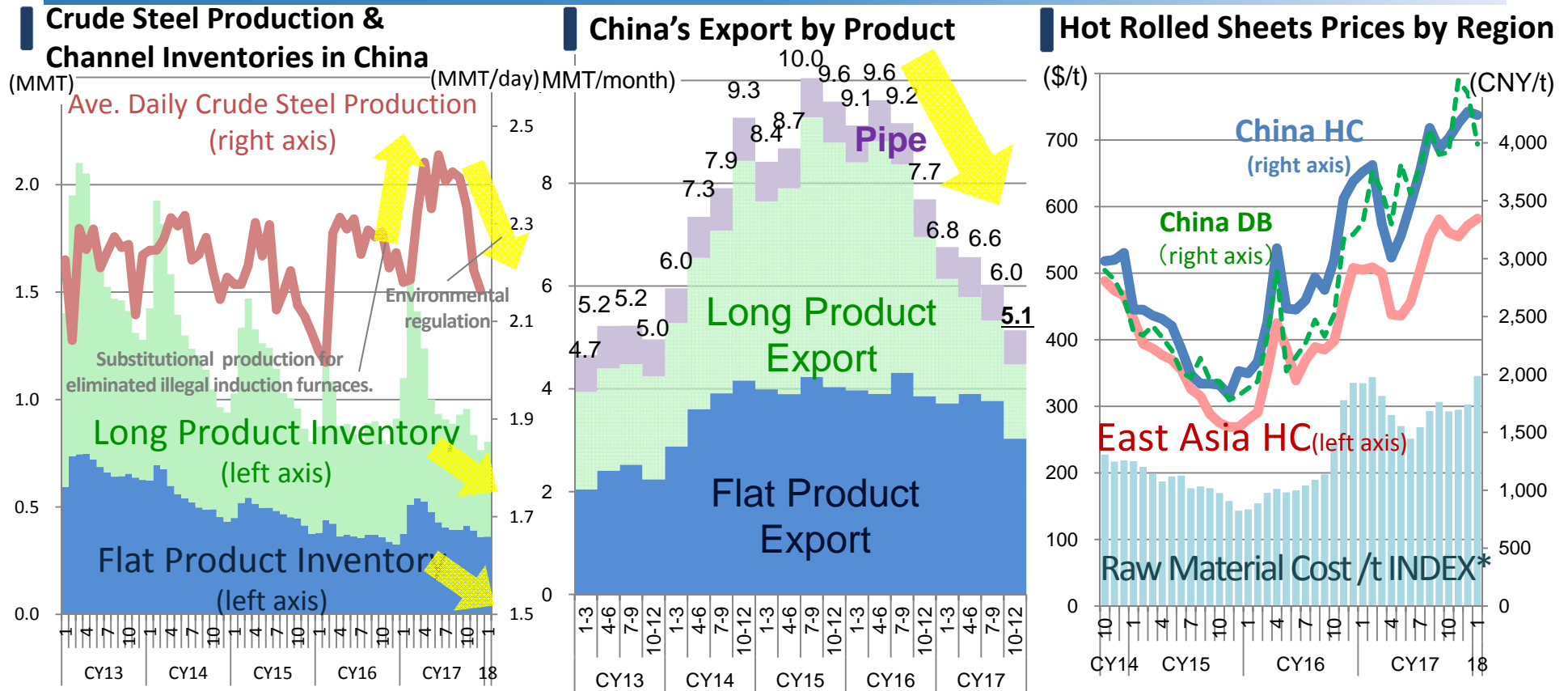
(Source: National Bureau of Statistics of China)

* Calculated by using cumulative figures from Jan. in each year

(Source: Baker Hughes)



China's Steel Supply-Demand & Market Trend



- **Crude Steel Production**: Sharp increase in 1st half, 2017 due to substitutional production for eliminated illegal induction furnaces. Dropped dramatically in 2nd half, due to Chinese government's historical strict environmental regulation.
- **Inventory**: Low level due to environmental regulation .
High possibility of mounting inventories from Jan. to Chinese New Year in Feb., 2018.
- **Export**: Downtrend since 2016 due to supply-side reorganization. CY2017 vs. CY2016 : -31% .
- **Market Prices**: Strong price trend continued due to a tight balance of supply-demand .

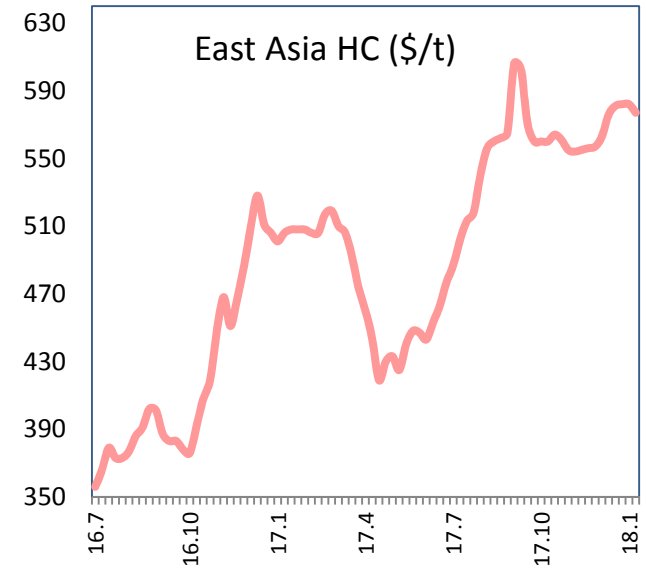
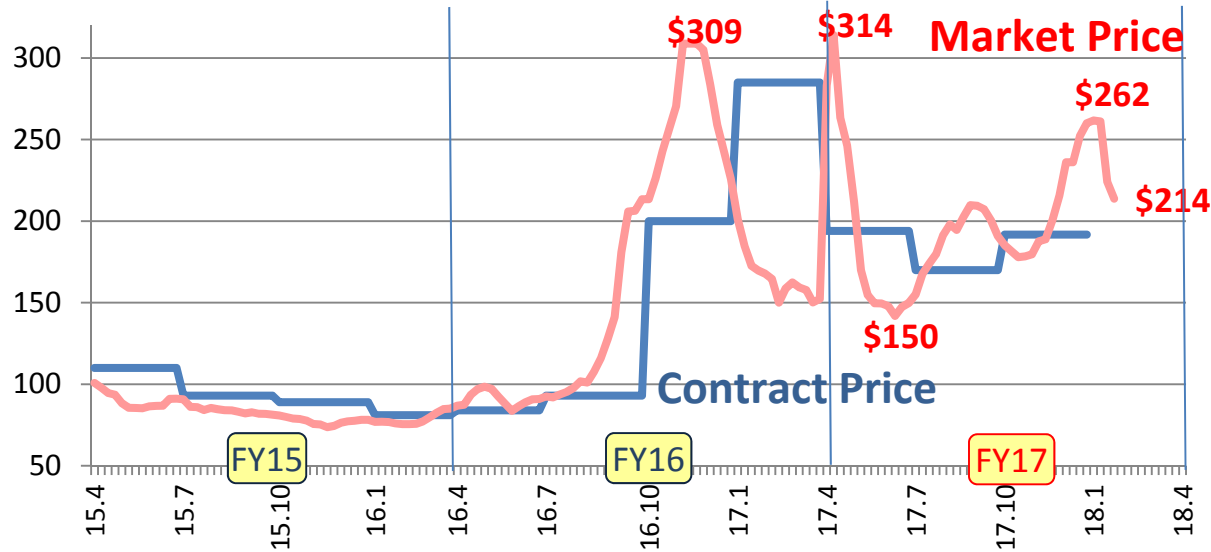
(Source: Japan Steel Association, SteelHome, CISA, MYSTEEL, NSSMC, etc.)

* Calculated by Iron Ore Market Price x 1.7 + Coal Market Price x 0.9

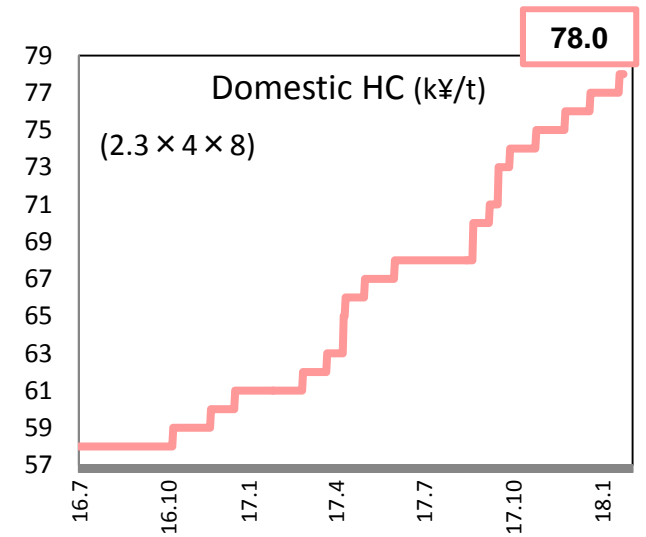
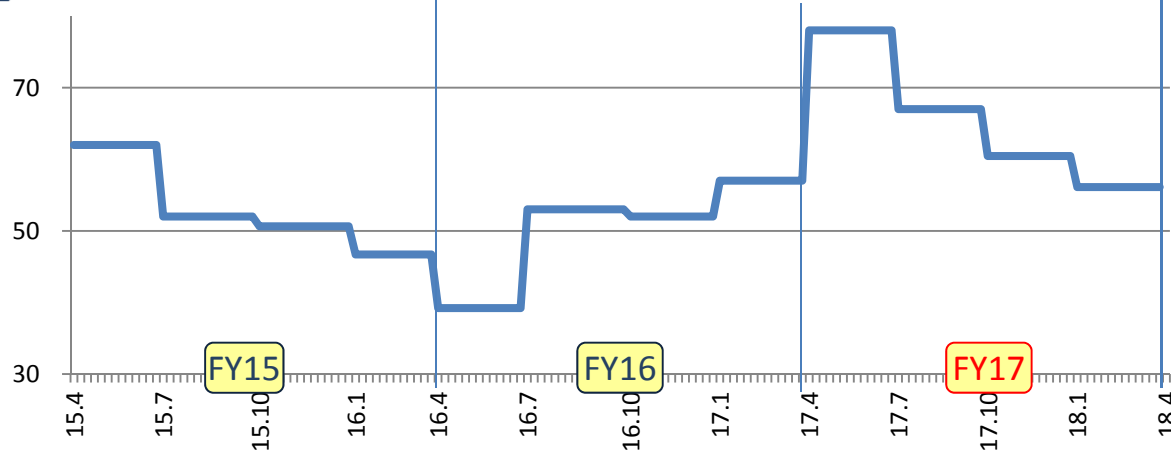


Raw Materials and HC Price Trend

Hard Coking Coal Price (US\$/wmt)



Fine Iron Ore Price (US\$/dmt)

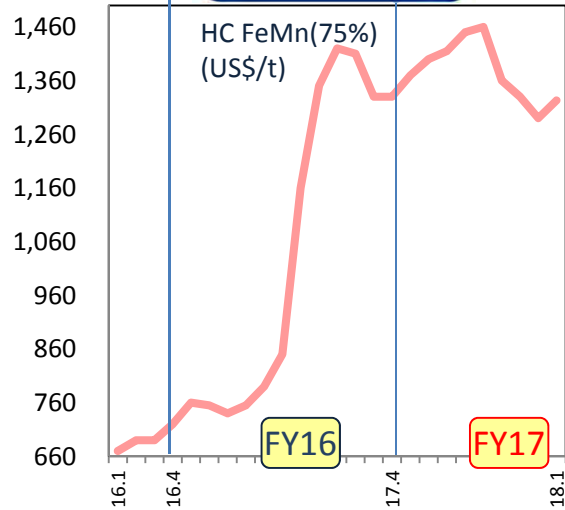


(Source: LME, Bloomberg, Japan Metal Daily)

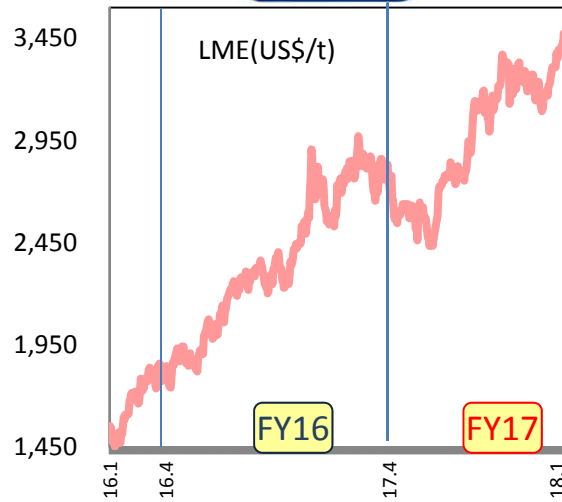


Commodity Price Hike

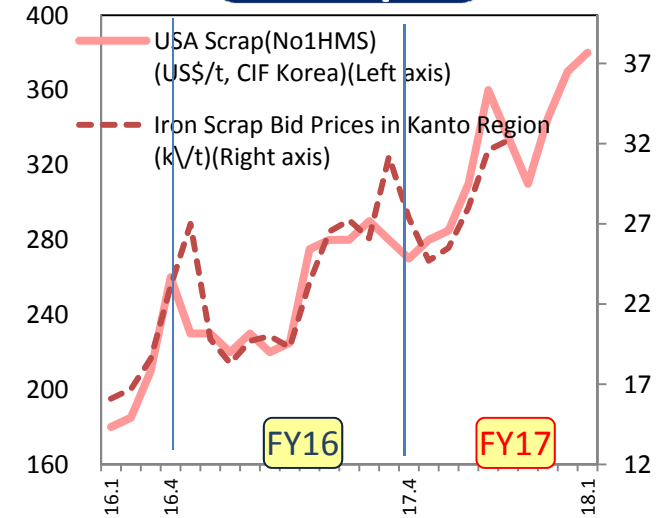
Manganese



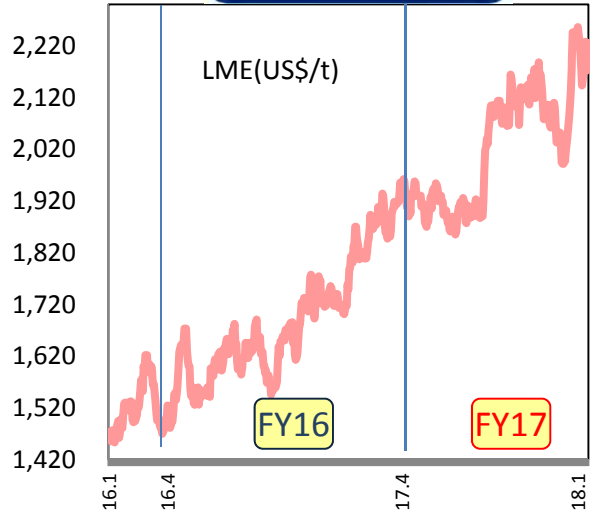
Zinc



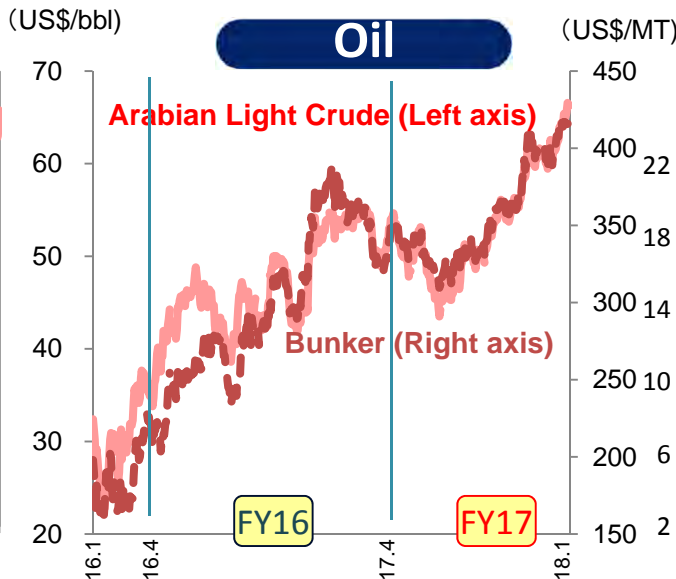
Scrap



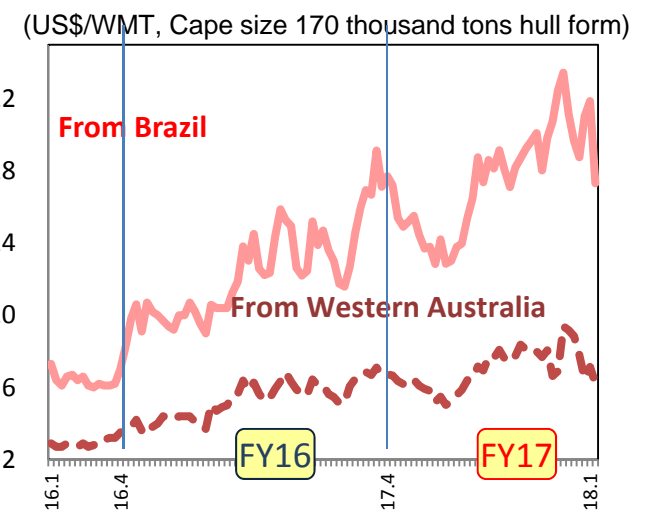
Aluminum



Oil



Freight



(Source : LME, Bloomberg, Japan Metal Daily)



NSSMC Operational Highlights

(million tons)	FY16	FY17							Change				
		2Q	1H	3Q	4Q[E]	2H[E]	*3 [E]	[E]	17/2Q vs. 17/3Q	17/3Q vs. 17/4Q[E]	17/1H vs. 17/2H[E]	FY16 vs. FY17[E]	FY17[E] vs. FY17[E] ^{*3}
Pig-iron production ^{*1}	42.15	10.13	20.05	10.08	10.80 approx.	20.90 approx.	[41.50] approx.	40.90 approx.	-0.05	+0.72 approx.	+0.85 approx.	-1.25 approx.	-0.60 approx.
Consolidated Crude Steel Production	45.17	11.69	23.12	11.68	12.40 approx.	24.10 approx.	[47.90] approx.	47.20 approx.	-0.01	+0.72 approx.	+0.98 approx.	+2.03 approx.	-0.70 approx.
Non-Consolidated ^{*2} Crude Steel Production	42.62	10.19	20.09	10.08	10.80 approx.	20.90 approx.	[41.60] approx.	41.00 approx.	-0.11	+0.72 approx.	+0.81 approx.	-1.62 approx.	-0.60 approx.
Steel Shipments	39.78	9.39	18.72	9.39	10.20 approx.	19.60 approx.	[39.00] approx.	38.30 approx.	~	+0.81 approx.	+0.88 approx.	-1.48 approx.	-0.70 approx.
Seamless Pipe Shipments	0.93	0.23	0.47	0.24	0.26 approx.	0.50 approx.	[0.97] approx.	0.97 approx.	+0.01	+0.02 approx.	+0.03 approx.	+0.04 approx.	~ approx.
Average Steel Selling Price (1,000 yen/ ton)	72.6	83.0	83.5	86.0	86 approx.	86 approx.	[84] approx.	85 approx.	+3.0	~ approx.	+3 approx.	+12 approx.	+1 approx.
Steel Export Ratio (Value basis (%))	42.3	41.5	41.6	40.6	42 approx.	41 approx.	[41] approx.	41 approx.	-0.9	+1.4 approx.	-0.6 approx.	-1.3 approx.	~ approx.
Forex (\$•¥)	109	111	111	113	113 approx.	113 approx.	[110] approx.	112 approx.	Depreciate 2	~	Depreciate 2 approx.	Depreciate 3 approx.	Depreciate 2 approx.

*1 Includes pig-iron production of Hokkai Iron & Coke corp. and Nippon Steel & Sumikin Koutetsu Wakayama Co.

*2 Includes crude steel production of Nippon Steel & Sumikin Koutetsu Wakayama Co.

FY2017 3Q Results & Full Year Forecast

13

(¥ in billions)	FY16		FY17								Change				
	(1~3Q)		2Q	1H	3Q	(1~3Q)	4Q[E]	2H[E]	*2	[E]	17/2Q	17/3Q	17/1H	FY16	FY17[E]
											vs. 17/3Q	vs. 17/4Q[E]	vs. 17/2H[E]	vs. FY17[E]	vs. FY17[E]
Net Sales	3,332.0	4,632.8	1,389.6	2,745.0	1,419.4	4,164.5	1,535.6	2,955.0	[5,600]	5,700	+29.8	+116.2	+210.0	+1,067.3	+100.0
Operating Profit	62.1	114.2	33.4	99.9	38.0	138.0					+4.6				
Ordinary Profit	108.5	174.5	49.6	157.6	67.8	225.4	74.6	142.4	[300]	300.0	+18.2	+6.8	-15.2	+125.5	~
Extraordinary Profit (Loss)	(16.5)	7.1	(2.9)	(2.9)	15.3	12.4					+18.2				
Net Profit *1	59.4	130.9	27.8	99.1	56.9	156.0	24.0	80.9	[170]	180.0	+29.1	-32.9	-18.2	+49.1	+10.0
[EPS]	[67.1]	[148.0]	[31.5]	[112.3]	[64.5]	[176.8]	[27.2]	[91.7]	[193.0]	[204.0]	[+33.0]	[-37.3]	[-20.6]	[+56.0]	[+11.0]
EBITDA	285.9	418.9	113.2	261.2	127.7	388.9					+14.5				
EBITDA / Sales	8.6%	9.0%	8.1%	9.5%	9.0%	9.3%					+0.9%				
ROS	3.3%	3.8%	3.6%	5.7%	4.8%	5.4%	4.9%	4.8%	[5.4%]	5.3%	+1.2%	+0.1%	-0.9%	1.5%	-0.1%
ROE	2.9%	4.6%	3.7%	6.6%	7.3%	6.8%					+3.6%				

*1 Profit attribute to owners of parent

*2 Figures as of Oct 27, 2017

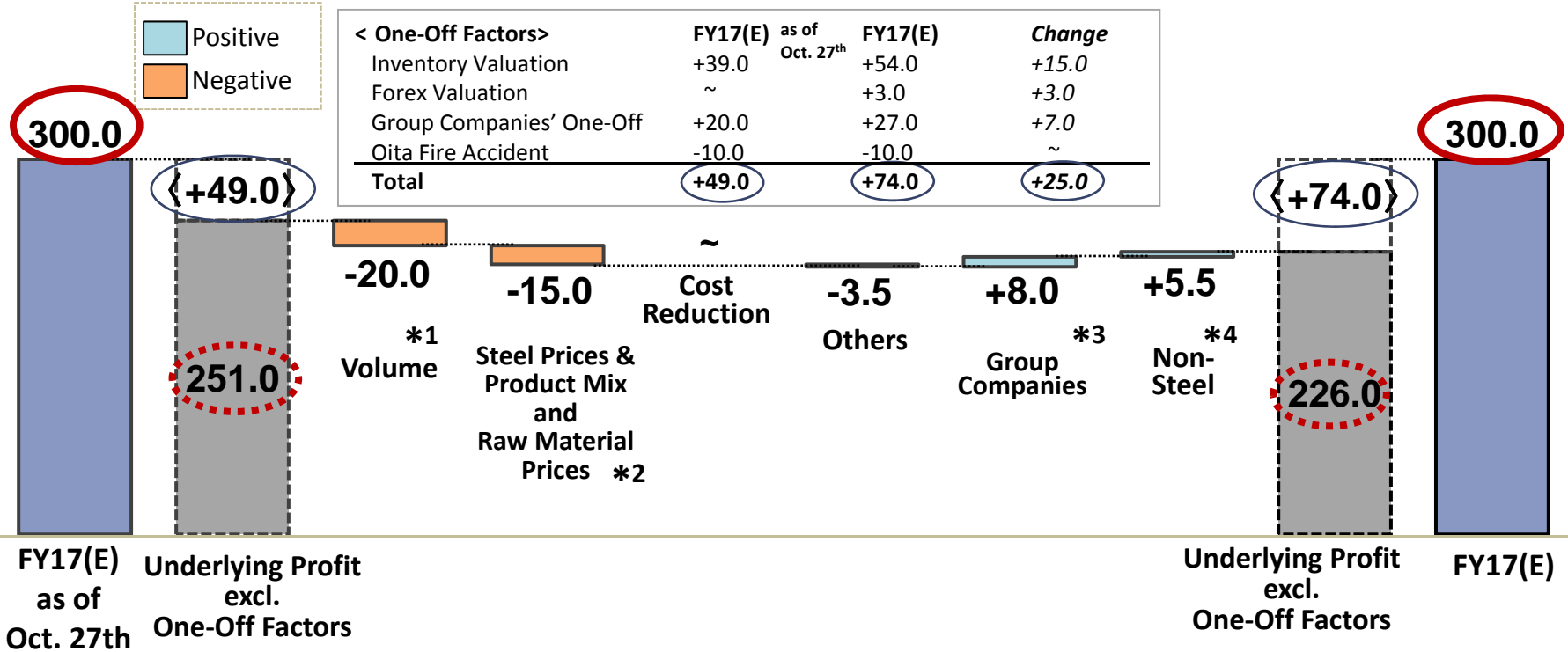
Extraordinary Profit & Loss

(¥ in billions)	FY16			FY17			
	1H	2H		1Q	2Q	1H	3Q
Extraordinary Profit (Loss)	(9.1)	16.2	7.1	—	(2.9)	(2.9)	15.3
Gain on sales of shares of subsidiaries and associates	—	24.1	24.1	—	—	—	—
Gain on sales of investment securities	—	—	—	—	—	—	24.5
Gain on step acquisitions	—	10.0	10.0	—	—	—	—
Loss on inactive facilities	(2.7)	(10.0)	(12.7)	—	(2.9)	(2.9)	(3.0)
Loss on disaster	—	(7.8)	(7.8)	—	—	—	—
Restructuring Loss	(6.4)	—	(6.4)	—	—	—	(6.2)

Ordinary Profit Variance Analysis [FY17(E)(Oct.27th)vs. FY17(E)]

(¥ in billions)	FY17(E) as of Oct.27 th [A]	FY17(E) [B]	Change [A→B]
Ordinary Profit	300.0	300.0	~
Steel	260.0	255.0	-5.0
Non-Steel	39.5	45.0	+5.5
Adjustment	0.5	0	-0.5

- *1 Crude steel production: approx. -0.60MMT
(approx.41.60→approx.41.00)
Steel shipment: approx.-0.70MMT
(approx.39.00→approx.38.30)
- *2 Incl. carry over
- *3 Business overseas etc.
- *4 Engineering +2.5, Chemicals +3.0,
New Materials ~, System Solutions ~



Ordinary Profit Variance Analysis [FY17/1H vs. FY17/2H(E)]

(¥ in billions)	FY17/1H [A]	FY17/2H(E) [B]	Change [A→B]
Ordinary Profit	157.6	142.4	-15.2
Steel	128.7	126.3	-2.4
Non-Steel	23.2	21.8	-1.4
Adjustment	5.6	(5.6)	-11.2

*1 Crude steel production: approx. +0.81MMT (20.09→approx.20.90)

Steel shipment: approx. +0.88MMT (18.72→approx.19.60)

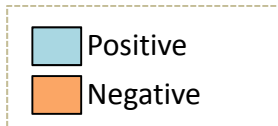
* Figures above incl. impacts of Oita Plate Mill fire accident, but not incl. impacts on earnings.

*2 Incl. carry over

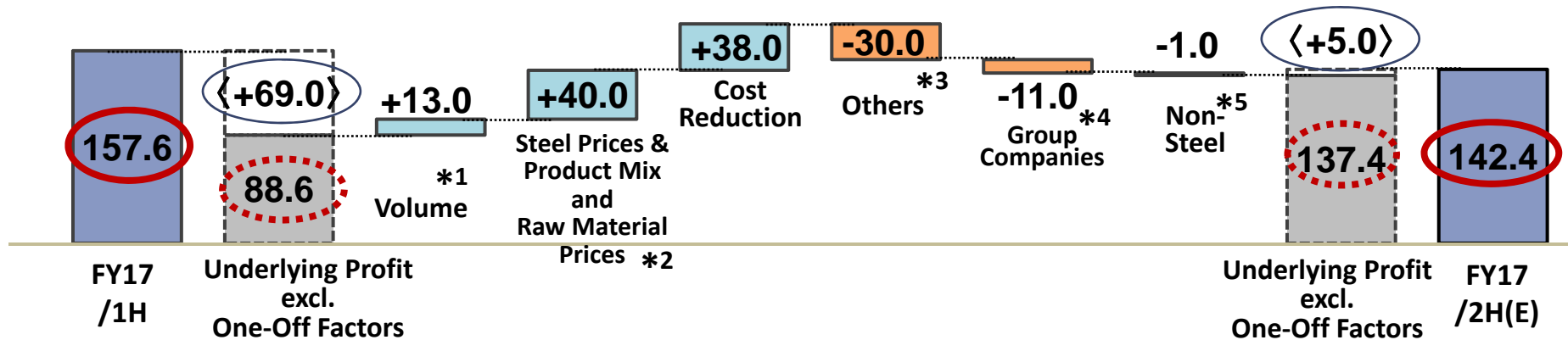
*3 Forex flow: -2.0, Increase in depreciation etc.

*4 Business overseas etc.

*5 Engineering +2.2, Chemicals -4.6, New Materials -0.2, System Solutions +1.6



< One-Off Factors >	FY17/1H	FY17/2H(E)	Change
Inventory Valuation	+60.0	-6.0	-66.0
Forex Valuation	-1.0	+4.0	+5.0
Group Companies' One-Off	+20.0	+7.0	-13.0
Oita Fire Accident	-10.0	~	+10.0
Total	+69.0	+5.0	-64.0



Ordinary Profit Variance Analysis [FY16 vs. FY17(E)]

(¥ in billions)	FY16 [A]	FY17(E) [B]	Change [A→B]
Ordinary Profit	174.5	300.0	+125.5
Steel	138.0	255.0	+117.0
Non-Steel	35.2	45.0	+9.8
Adjustment	1.2	0	-1.2

*1 Crude steel production: approx. -1.62MMT
(42.62→approx.41.00)

Steel shipment: approx.-1.48MMT
(39.78→approx.38.30)

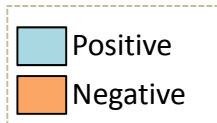
* Figures above incl. impacts of Oita Plate Mill fire accident, but not incl. impacts on earnings.

*2 Incl. carry over

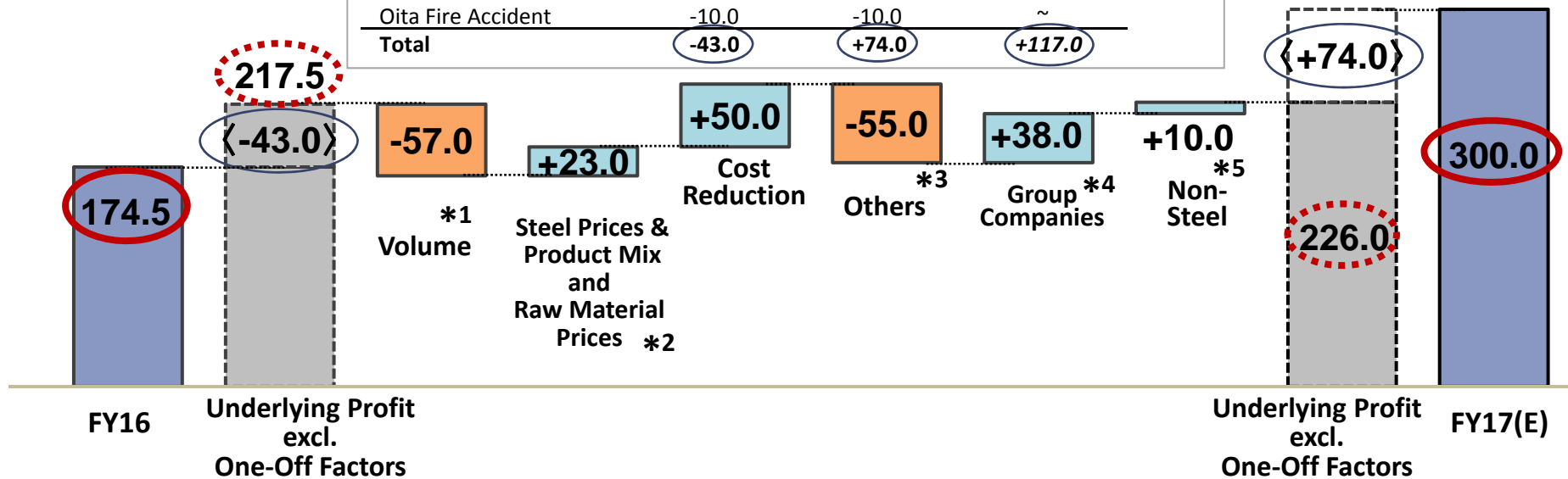
*3 Forex flow: -8.0, Increase in depreciation, Decrease in non-operating assets sales etc.

*4 Mining interests, Nisshin Steel, Business overseas etc.

*5 Engineering -0.8, Chemicals +9.5, New Materials +0.3, System Solutions +0.9



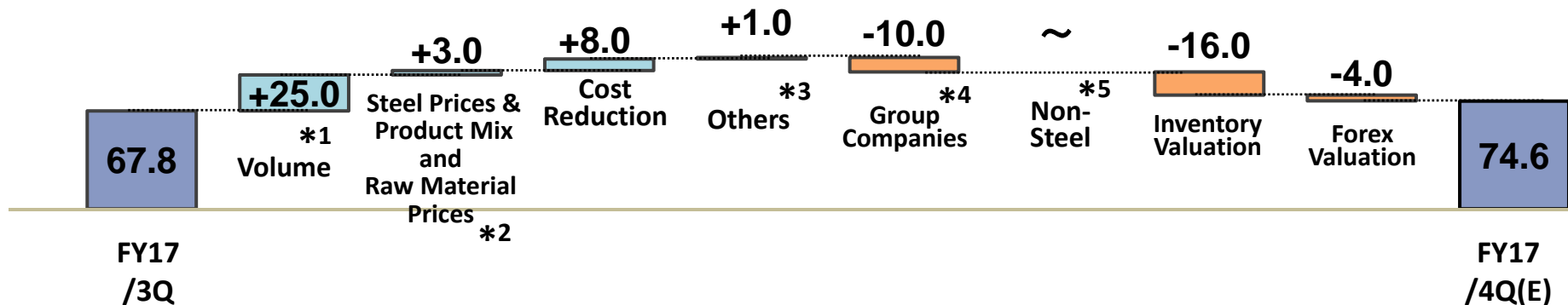
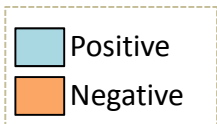
< One-Off Factors >	FY16	FY17(E)	Change
Inventory Valuation	-39.0	+54.0	+93.0
Forex Valuation	-9.0	+3.0	+12.0
Group Companies' One-Off	+15.0	+27.0	+12.0
Oita Fire Accident	-10.0	-10.0	~
Total	-43.0	+74.0	+117.0



Ordinary Profit Variance Analysis [FY17/3Q vs. FY17/4Q(E)] ¹⁸

(¥ in billions)	FY17/3Q [A]	FY17/4Q (E) [B]	Change [A→B]
Ordinary Profit	67.8	74.6	+6.8
Steel	60.9	65.4	+4.5
Non-Steel	10.9	10.9	~
Adjustment	(4.0)	(1.6)	+2.4

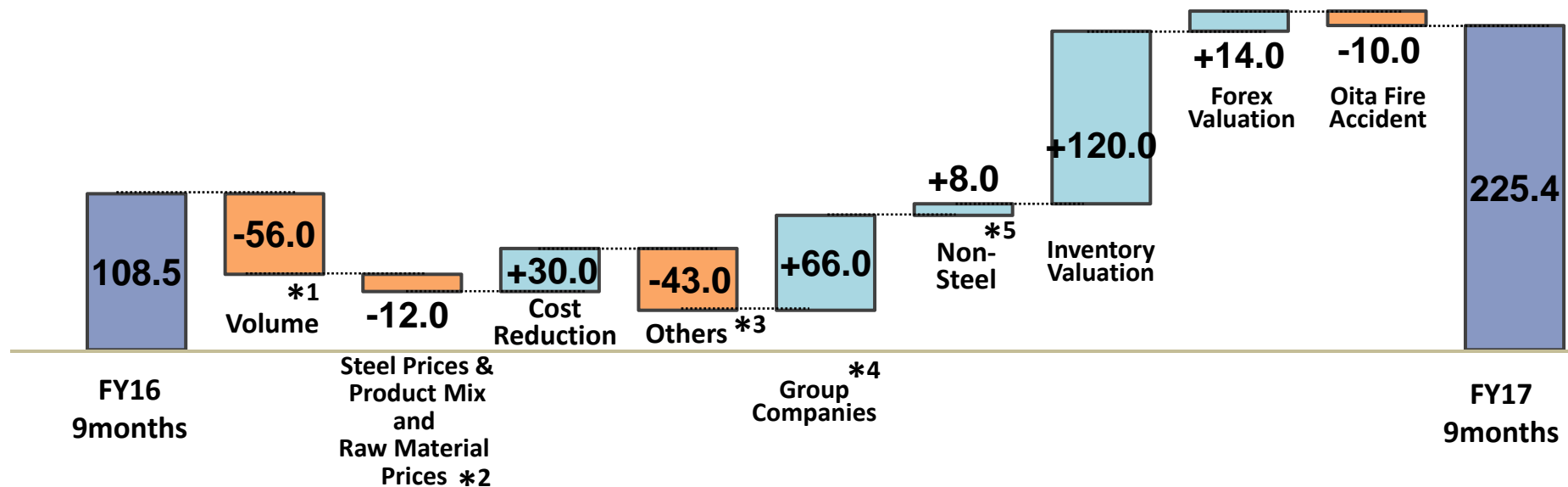
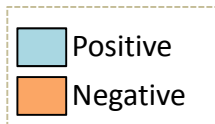
- *1 Crude steel production: approx. +0.72MMT (10.08→approx.10.80)
Steel shipment: approx.+0.81MMT (9.39→approx.10.20)
- *2 Incl. carry over
- *3 Forex flow: ~
- *4 Business overseas etc.
- *5 Engineering -1.7, Chemicals -2.3, New Materials +0.1, System Solutions +4.3



Ordinary Profit Variance Analysis [9 months FY16 vs. 9 months FY17] ¹⁹

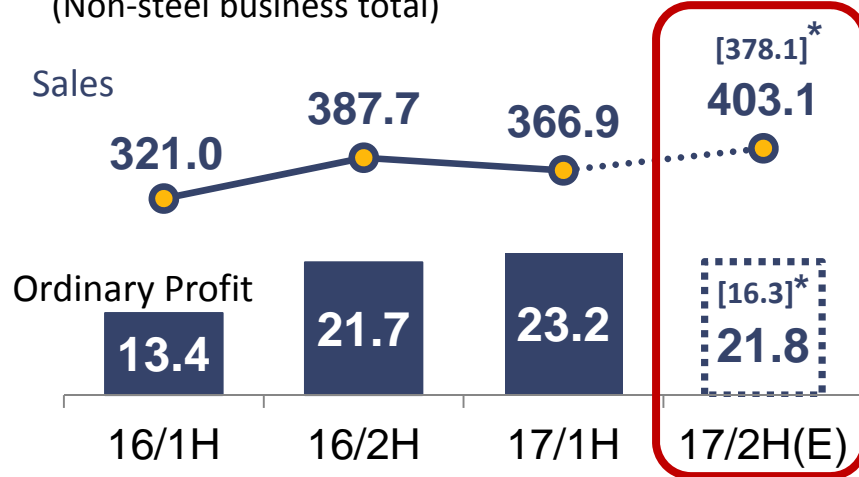
(¥ in billions)	FY16 9 months [A]	FY17 9 months [B]	Change [A→B]
Ordinary Profit	108.5	225.4	+116.9
Steel	81.9	189.7	+107.8
Non-Steel	25.8	34.2	+8.4
Adjustment	0.7	1.5	+0.8

- *1 Crude steel production: -2.18MMT (32.34→30.17)
Steel shipment: -1.86MMT (29.97→28.12)
* Figures above incl. impacts of Oita Plate Mill fire accident, but not incl. impacts on earnings.
- *2 Incl. carry over
- *3 Forex flow: -8.0, Increase in depreciation etc.
- *4 Nisshin Steel, Mining interests, Business overseas etc.
- *5 Engineering +0.2, Chemicals +8.9,
New Materials +0.2, System Solutions -1.1



Non-Steel Business


Sales & Ordinary Profit (¥ in billions) (Non-steel business total)





Change in Ordinary Profit (FY16 vs. FY17(E))


Engineering & Construction	↓ Decrease	Profit decline due to drop in oil prices & overseas steel makers' investment.
Chemicals	↑ Increase	Profit increase thanks to market recovery in chemicals, strong sales of functional materials and needle coke.
New Materials	↑ Increase	Profit increase thanks to strong demand for electrical industries' materials such as coated copper & carbon fiber etc.
System Solutions	↑ Increase	Both sales & profit increase mainly thanks to business solution, despite of SG&A increase.

(¥ in billions)

Engineering & Construction		FY2016		FY2017		
		1~3Q		1~3Q	(E)	(YoY)
	Sales	186.8	267.5	205.2	290.0	(+22.5)
	Ordinary Profit	4.6	6.8	4.8	6.0	(-0.8)

Chemicals		FY2016		FY2017		
		1~3Q		1~3Q	(E)	(YoY)
	Sales	125.2	174.2	151.6	200.0	(+25.8)
	Ordinary Profit	4.0	4.5	12.9	14.0	(+9.5)

New Materials		FY2016		FY2017		
		1~3Q		1~3Q	(E)	(YoY)
	Sales	26.0	34.5	27.7	38.0	(+3.5)
	Ordinary Profit	1.3	1.7	1.5	2.0	(+0.3)

System Solutions		FY2016		FY2017		
		1~3Q		1~3Q	(E)	(YoY)
	Sales	158.9	232.5	168.2	242.0	(+9.5)
	Ordinary Profit	15.8	22.1	14.7	23.0	(+0.9)

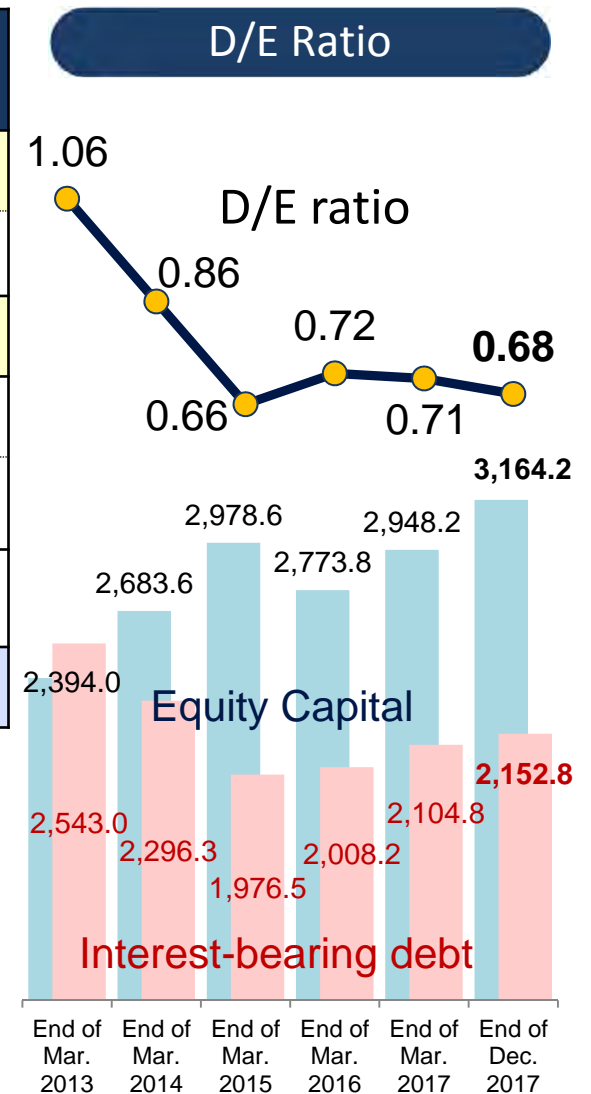
* Figures as of Oct 27, 2017



Balance Sheet

(¥ in billions)	End of Mar. 2017	End of Dec. 2017	(¥ in billions)	End of Mar. 2017	End of Dec. 2017
Current Assets	2,244.4	2,403.7	Liabilities	3,970.9	4,101.8
Inventories	1,215.6	1,395.9	Interest-bearing debt	2,104.8	2,152.8
Fixed Assets	5,017.4	5,223.9	Net Assets	3,291.0	3,525.9
Tangible fixed assets	2,840.8	2,875.3	Equity capital	2,948.2	3,164.2
Investment in securities	816.3	948.7	Unrealized gains on available-for-sale securities	269.2	363.7
Investment	1,041.3	1,067.1	non-controlling Interest in consolidated subsidiaries	342.7	361.6
Assets	7,261.9	7,627.7	Liabilities & net assets	7,261.9	7,627.7

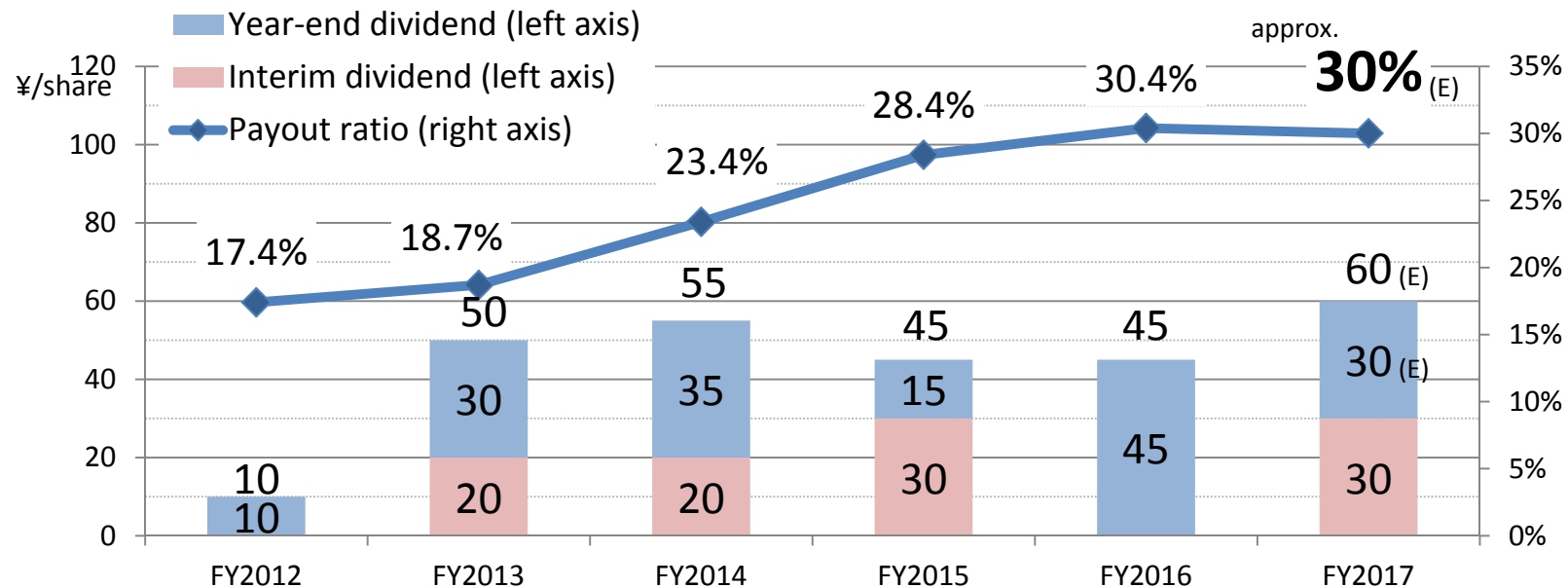
	End of Mar. 2017	End of Dec. 2017	Change
Total assets (bn¥)	7,261.9	7,627.7	+365.8
Interest bearing debt (bn¥)	2,104.8	2,152.8	+47.9
Equity capital (bn¥)	2,948.2	3,164.2	+216.0
DER	0.71	0.68	-0.03



Year-end Dividend Forecast

◆ In accordance with the basic profit distribution policy, NSSMC plans to pay a dividend of ¥30.0 per share at the end of the second half (year-end)

◆ This would bring the full year dividend distribution amount to ¥60.0 per share. (consolidated dividend payout ratio of approx. 30%)



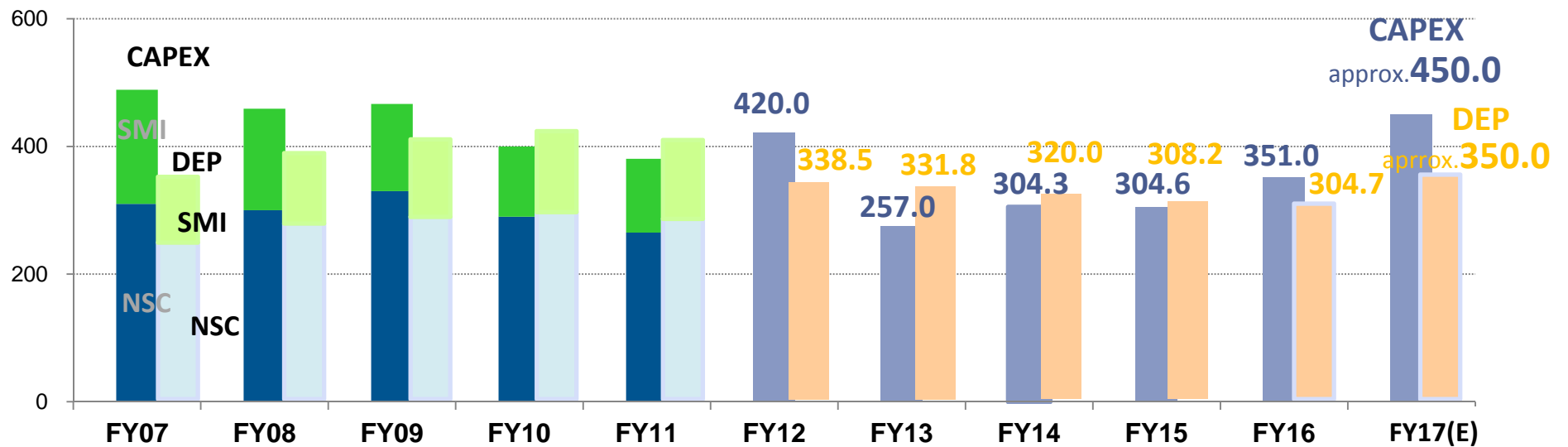
[Basic Profit Distribution Policy]

- ◆ 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
- ◆ Targeted dividend payout ratio: around **20% - 30%** (consolidated basis)

CAPEX and Depreciation

(¥ in billions)

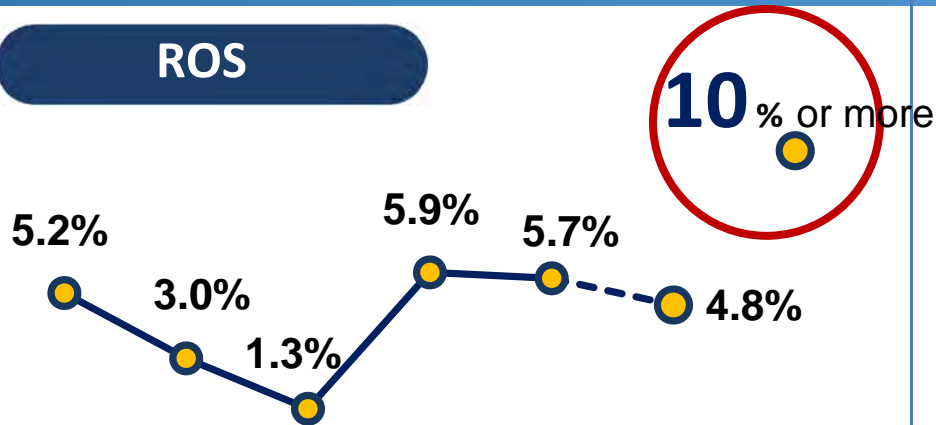
NSSMC (Upper : NSC Lower : SMI)	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17(E)
CAPEX	490.0 (310.0) (178.8)	460.0 (300.0) (159.1)	465.0 (330.0) (136.6)	400.0 (290.0) (109.9)	380.0 (265.0) (115.7)	420.0	257.0	304.3	304.6	351.0	450.0 approx. Incl. Nisshin approx. 41.0
Depreciation	346.5 (244.0) (102.5)	383.5 (273.7) (109.8)	404.8 (284.0) (120.8)	417.7 (291.5) (126.2)	403.8 (280.9) (122.9)	338.5	331.8	320.0	308.2	304.7	350.0 approx. Incl. Nisshin approx. 36.0



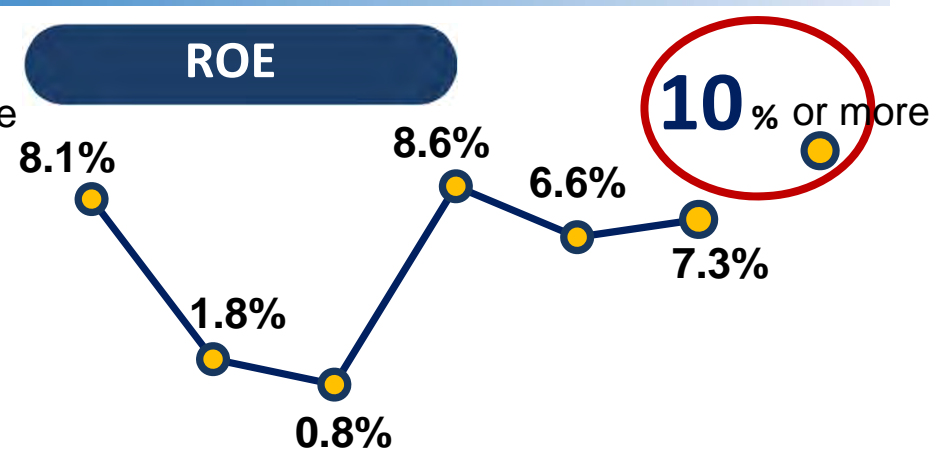
2. Progress in Mid-Term Management Plan

2017 Mid-Term Plan : Targeted KPIs

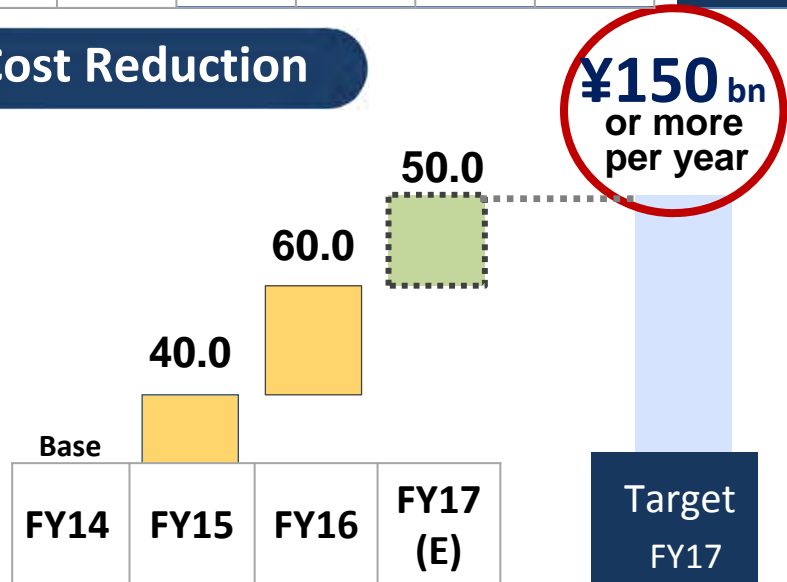
ROS



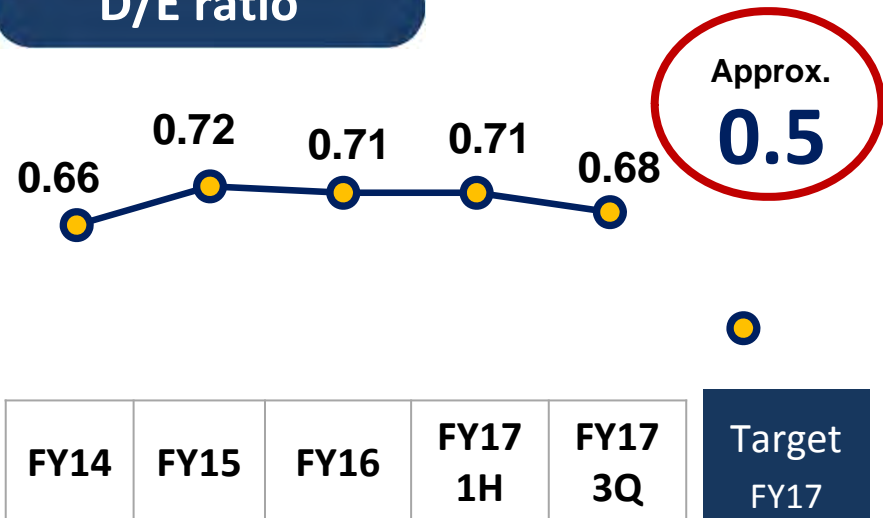
ROE



Cost Reduction



D/E ratio



Progress of Mid-Term Plan

Company / Works		Action	FY15 2H	FY16	FY17	FY18 Later
Domestic	Kimitsu	Close No.3 BF		★ Mar.		
	Yawata	Reorganize production frame work				★ FY18~FY20(E)
	Kashima/ Kimitsu/ Muroran	Start up Coke Oven	(Kashima/1F) Aug.	★ ★ ★ (Kimitsu /4A) Aug.	(Kimitsu/4B) Jan.	★ (Kashima/2E) FY18.Apr. (E) ★ (Kimitsu No.5) FY18.2H (E) ★ (Muroran No.5) FY19.1H(E)
	Nisshin Steel (Kure Works)	Relining No.1 BF/Close No.2 BF				★ FY23(E)
Overseas	ICI (USA: Crankshaft/ No.4 Forging Press Line)	Started operation of No.4 line	★ Oct.			
	NSCh (China: Auto/ Ramp up capacity of NBC)	Started operation	★ Dec.			
	VSB・VBR Integration (Brazil: Pipe / Merger with Vallourec's subsidiary)	Business merger		★ Oct.		
	AGIS (UAE: Construction/ JV with Saif Al Ghurair Gr.)	Started operation of No.2 galvanizing Line		★ Oct.		
	VAM® BRN (Brunei: Pipe/ JV with SC and Vallourec)	Started operation		★ Nov.		
	WTC (USA: ERW / Agreement to sell shares)	Execution of Agreement to sell shares		★ Dec.		
	KOS (Indonesia: Structural/ JV with Osaka & PTKS)	Started operation		★ Jan.		
	KNSS (Indonesia: Auto/ JV with PTKS)	Started operation			★ Jul.	
	NSCI (USA: Auto/ JV with secondary processors)	Start operation(E)			★ FY17(E)	
NS BlueScope (Thailand: Construction/ JV with BlueScope Steel)	Installation of No.3 Metal Coating Line				★ FY18(E)	

ESG Topics - Environment -



ESG Topics - Social -



Promoting women's active participation ~expanding 24-hour in-house nurseries~

- ✓ Support early return of female workers from maternity and baby-care leave
- ✓ Established 24-hour in-house nurseries in Oita, Kimitsu & Yawata to support shift-working parents. (Oita started 24-hour operation in Jan. 2018)
- ✓ Plan to expand in-house nurseries in other worksites



Oita's nursery



Engagement in Kamaishi's reconstruction assistance



Construction of 3 integrated child-care facilities (Jan. 2018)

- ✓ Create comprehensive & convenient child-care environment
- ✓ Correspond to diverse work styles & child-care needs

Supporting reconstruction of public housing

- ✓ NS Super Frame™ construction method : Short construction schedule, Cost efficiency & High durability
- ✓ Completed 210 doors' construction (1st period: 54 doors (Mar., 2013) , 2nd period : 156 doors (Feb.,2015))



Nippon Steel & Sumikin Metal Products Co.,Ltd.



Safe Guard Tower (Tsunami evacuation tower) in Indonesia (Dec. 2017)

- ✓ First installation in overseas
- ✓ Many records in Japan (completed : 27 units , under construction : 5 units)



3. Appendix

Key Indicators of Demand

[Domestic]	FY16	FY17							Change				
		2Q	1H	3Q ^{*2}	4Q ^{*2} [E]	2H ^{*2} [E]	*1 [E]	*2 [E]	17/2Q vs. 17/3Q	17/3Q vs. *2 17/4Q[E]	17/1H vs. *2 17/2H[E]	FY16 vs. *2 FY17[E]	FY17[E] vs. *1 FY17[E]
Housing Starts (million houses)	0.97	0.25	0.50	0.23	0.20	0.44	[0.93]	0.93	-0.01	-0.03	-0.06	-0.04	-0.00
Non-residential Construction Starts (million m ³)	51.33	14.05	27.95	13.25	12.50	25.75	[52.90]	53.70	-0.80	-0.75	-2.20	+2.37	+0.80
Public Works Orders (¥ in billion)	10,790	2,958	4,877	2,780	3,343	6,123	[11,000]	11,000	-178	+563	+1,246	+210	~
Finished Auto Production (million units)	9.36	2.37	4.67	2.49	2.54	5.03	[9.60]	9.70	+0.12	+0.05	+0.36	+0.34	+0.10
Export of Finished Auto (million units)	4.64	1.19	2.31	1.30	1.28	2.58	[4.86]	4.89	+0.11	-0.02	+0.27	+0.25	+0.03
Overseas Auto Production (8 Japanese car makers) (million units)	18.90	4.74	9.48	4.90					+0.16				
Large & Middle sized Shovel Production (thousand units)	66	20	40	19	19	38	[71]	78	-1	+0	-2	+12	+7
Metal Machine Tool Production (thousand tons)	366	113	215	107	107	215	[401]	429	-6	+0	+0	+63	+28
Keel-laid New Ships (mil. gross tons)	12.51	3.00	6.10	3.00	3.00	6.00	[11.55]	12.10	+0.00	+0.00	-0.10	-0.41	+0.55

Rig Count	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	Latest	Peak	Bottom
USA	1,089	1,546	1,875	1,919	1,761	1,862	977	510	875	924 (Jan.'18)	2,031 (Sep.'08)	404 (May.'16)
Deep well (≥15,000ft)	249	249	395	324	326	354	205	126	211	211 (Nov.'17)	413 (Nov.'11)	98 (May.'16)
World Total (Exc. N. America, Russia & China)	997	1,094	1,167	1,234	1,296	1,337	1,167	955	948	954 (Dec.'17)	1,382 (Jul.'14)	920 (Oct.'16)

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

*1 Figures published on Oct. 27, 2017

*2 Estimates as of early Dec., 2017



Domestic Steel Consumption by Industrial Sector

(million tons)	FY16	FY17						Change					
		2Q	1H	3Q	*2 4Q[E]	*2 2H[E]	*1 [E]	*2 [E]	17/2Q vs. 17/3Q	17/3Q vs. *2 17/4Q[E]	17/1H vs. *2 17/2H[E]	FY16 vs. FY17[E]	FY17[E] vs.*1 vs.*2 FY17[E]
Crude Steel Production in Japan	105.17	25.94	52.04	26.39	26.40	52.79		104.83	+0.45	+0.01			
Domestic Steel Consumption (A + B)	61.67	15.69	31.04	16.12	15.61	31.73	[62.50]	62.77	+0.43	-0.51	+0.68	+1.10	+0.27
<i>% for manufacturing sector</i>	63.7	63.7	63.8	63.3	63.5	63.4	[62.5]	63.6	-0.4	+0.2	-0.4	-0.1	+1.1
Ordinary Steel Consumption (A)	49.00	12.42	24.58	12.78	12.46	25.24	[49.61]	49.82	+0.36	-0.32	+0.65	+0.82	+0.21
Construction	21.57	5.47	10.80	5.69	5.47	11.15	[22.31]	21.95	+0.21	-0.22	+0.35	+0.39	-0.36
Manufacturing	27.43	6.94	13.78	7.09	6.99	14.08	[27.29]	27.86	+0.15	-0.10	+0.30	+0.43	+0.57
Shipbuilding	4.33	1.02	2.05	1.01	0.99	2.00	[3.92]	4.05	-0.01	-0.02	-0.05	-0.28	+0.13
Automotive	10.95	2.79	5.50	2.90	2.82	5.71	[11.22]	11.22	+0.10	-0.08	+0.21	+0.26	-0.00
Industrial Machine	4.58	1.25	2.48	1.24	1.25	2.49	[4.66]	4.97	-0.01	+0.01	+0.01	+0.39	+0.31
Electronic Machine	2.97	0.77	1.50	0.76	0.76	1.51	[2.88]	3.02	-0.01	-0.00	+0.01	+0.05	+0.14
Specialty Steel Consumption (B)	12.67	3.28	6.46	3.34	3.15	6.49	[12.90]	12.95	+0.06	-0.19	+0.03	+0.28	+0.05
Steel Imports	6.45	1.65	3.37										
Steel Exports	40.47	9.26	18.62										

(Source : NSSMC est.)

*1 Figures published on Oct 27, 2017

*2 Estimates as of early Dec., 2017



[] : Outlook as of Oct. 10th, 2017

(GDP growth rate)	CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17 [E]	CY18 [E]	CY19 [E]
World Total	3.0	-0.5	5.3	3.9	3.4	3.4	3.4	3.4	3.2	[3.6] 3.7	[3.7] 3.9	[3.7] 3.9
Developed Countries	0.5	-3.4	3.2	1.7	1.2	1.4	1.9	2.1	1.7	[2.2] 2.3	[2.0] 2.3	[1.8] 2.2
USA	0.4	-2.6	3.0	1.8	2.3	2.2	2.4	2.6	1.5	[2.2] 2.3	[2.3] 2.7	[1.9] 2.5
EU27	0.6	-4.1	1.9	1.5	-0.7	-0.4	0.9	2.0	1.8	[2.1] 2.4	[1.9] 2.2	[1.7] 2.0
Japan	-1.2	-6.3	4.4	-0.6	1.5	1.6	0.0	1.1	0.9	[1.5] 1.8	[0.7] 1.2	[0.8] 0.9
Developing Countries	6.1	2.7	7.5	6.2	5.1	5.0	4.6	4.3	4.4	[4.6] 4.7	[4.9] 4.9	[5.0] 5.0
China	9.6	9.2	10.4	9.3	7.7	7.7	7.3	6.9	6.7	[6.8] 6.8	[6.5] 6.6	[6.3] 6.4
India	7.3	6.8	10.6	6.3	4.7	6.9	7.2	8.0	7.1	[6.7] 6.7	[7.4] 7.4	[7.8] 7.8
ASEAN5 *	4.7	1.7	7.0	4.5	6.2	5.1	4.6	4.9	4.9	[5.2] 5.3	[5.2] 5.3	[5.3] 5.3
Russia	5.6	-7.8	4.3	4.3	3.4	1.3	0.7	-2.8	-0.2	[1.8] 1.8	[1.6] 1.7	[1.5] 1.5
Brazil	5.1	-0.6	7.5	2.7	1.0	2.7	0.1	-3.8	-3.5	[0.7] 1.1	[1.5] 1.9	[2.0] 2.1

(Source : IMF)

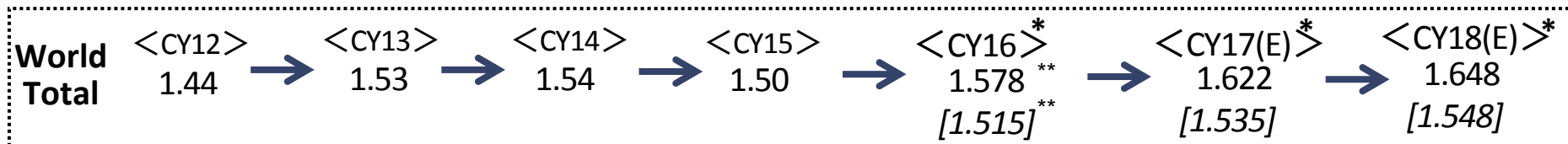
*ASEAN 5 : Thailand, Malaysia, Indonesia, Philippines, Vietnam



World Steel Demand

< Released on Oct. 16th, 2017 by WSA >

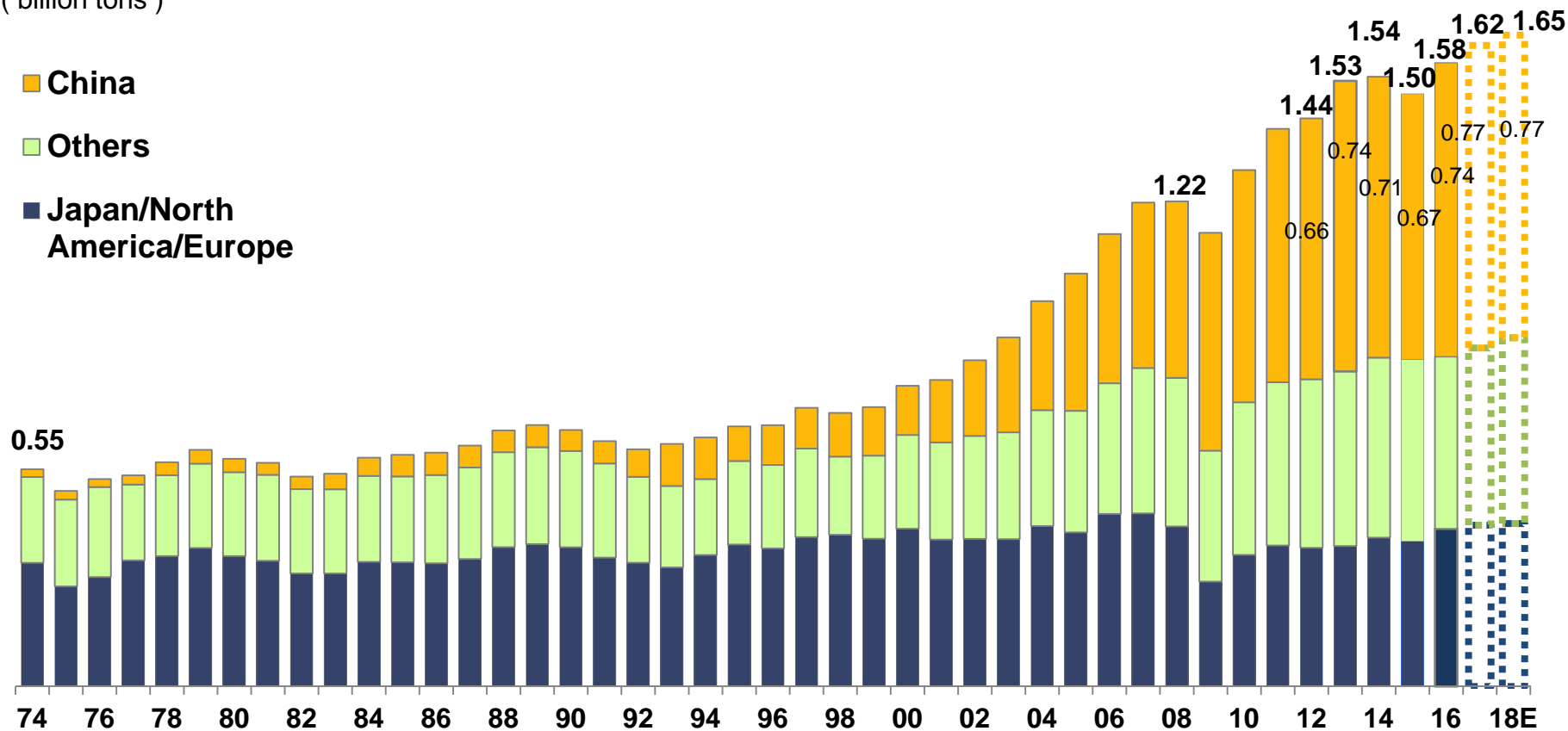
[] : Previous forecasts as of Apr. 21st, 2017



*including illegal induction furnaces

** change +0.063 : demands supplied by illegal induction furnaces' production

(billion tons)



(Source : World Steel Association, Apparent finished steel consumption)



World Crude Steel Production

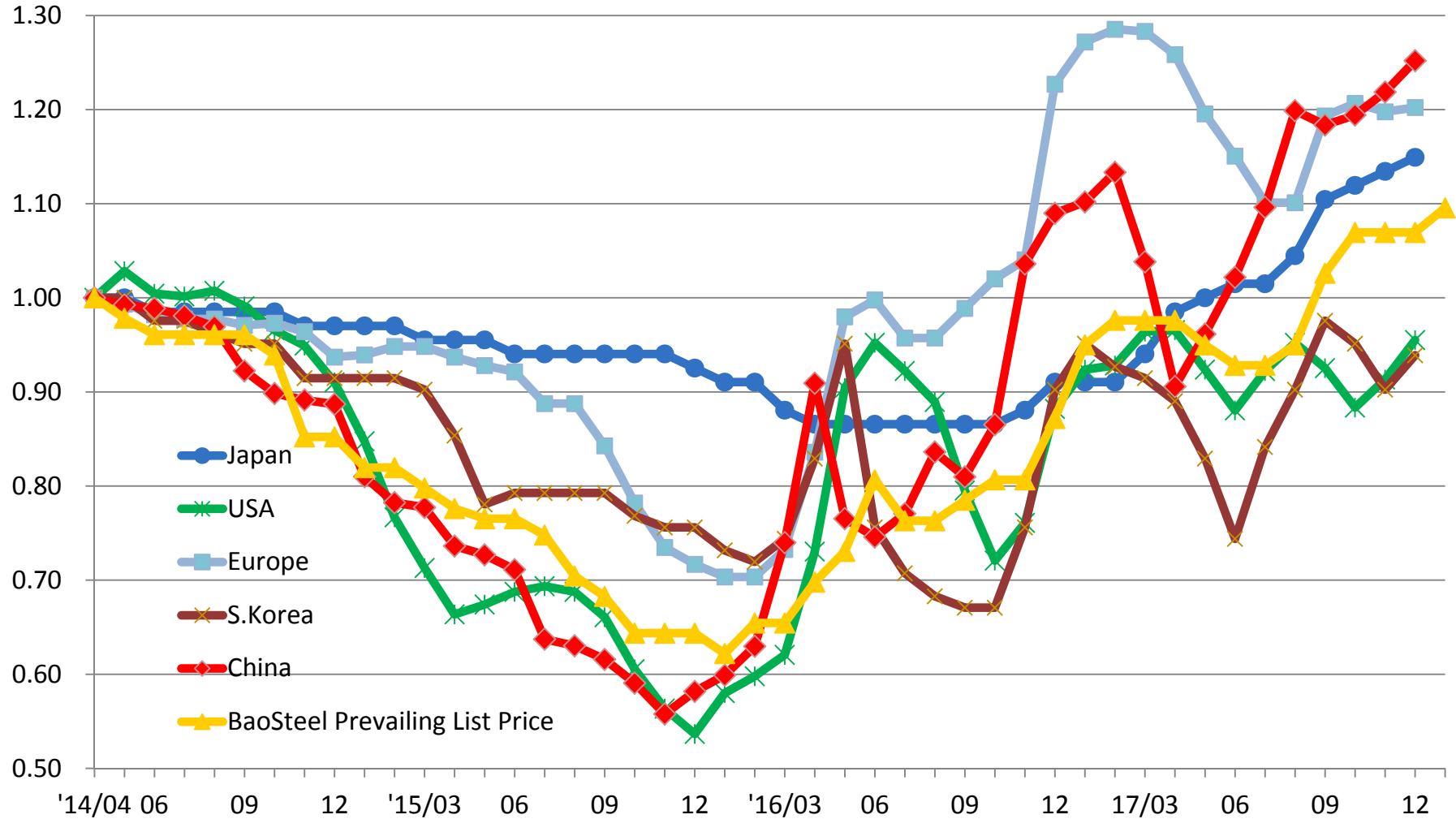
(million tons)	CY16 [A]	CY17						Change (A → B)
		Jan - Sep [B]	Oct	Nov	Dec	Oct - Dec	[B]	
World * Total [YoY]	1,587.2 [-0.7%]	1,268.6 [5.4%]	144.8 [5.6%]	136.5 [3.9%]	138.1 [3.9%]	419.4 [4.5%]	1,691.2 [5.3%]	+104.0 [6.0%]
Japan [YoY]	104.8 [-0.4%]	78.3 [-0.1%]	9.0 [-1.0%]	8.7 [1.0%]	8.7 [0.1%]	26.4 [0.0%]	104.7 [-0.1%]	-0.1 [0.2%]
Korea [YoY]	68.6 [-1.6%]	53.1 [4.0%]	6.0 [0.2%]	5.9 [2.8%]	6.1 [4.5%]	18.0 [2.5%]	71.1 [3.7%]	+2.5 [5.2%]
USA	78.5	61.4	6.9	6.6	6.8	20.3	81.6	+3.2
EU28	162.0	126.3	14.8	14.0	13.6	42.4	168.7	+6.7
Russia	70.5	53.7	5.9	5.7	5.9	17.6	71.3	+0.9
Brazil	31.3	25.5	3.0	3.0	2.8	8.9	34.4	+3.1
India	95.5	75.5	8.7	8.4	8.8	25.9	101.4	+5.9
China [YoY]	786.9 [-2.1%]	639.5 [5.5%]	72.4 [6.1%]	66.2 [2.2%]	67.0 [1.8%]	205.6 [3.4%]	831.7 [5.7%]	+44.9 [7.8%]

(Source : World Steel Association)

* Total of 66 countries

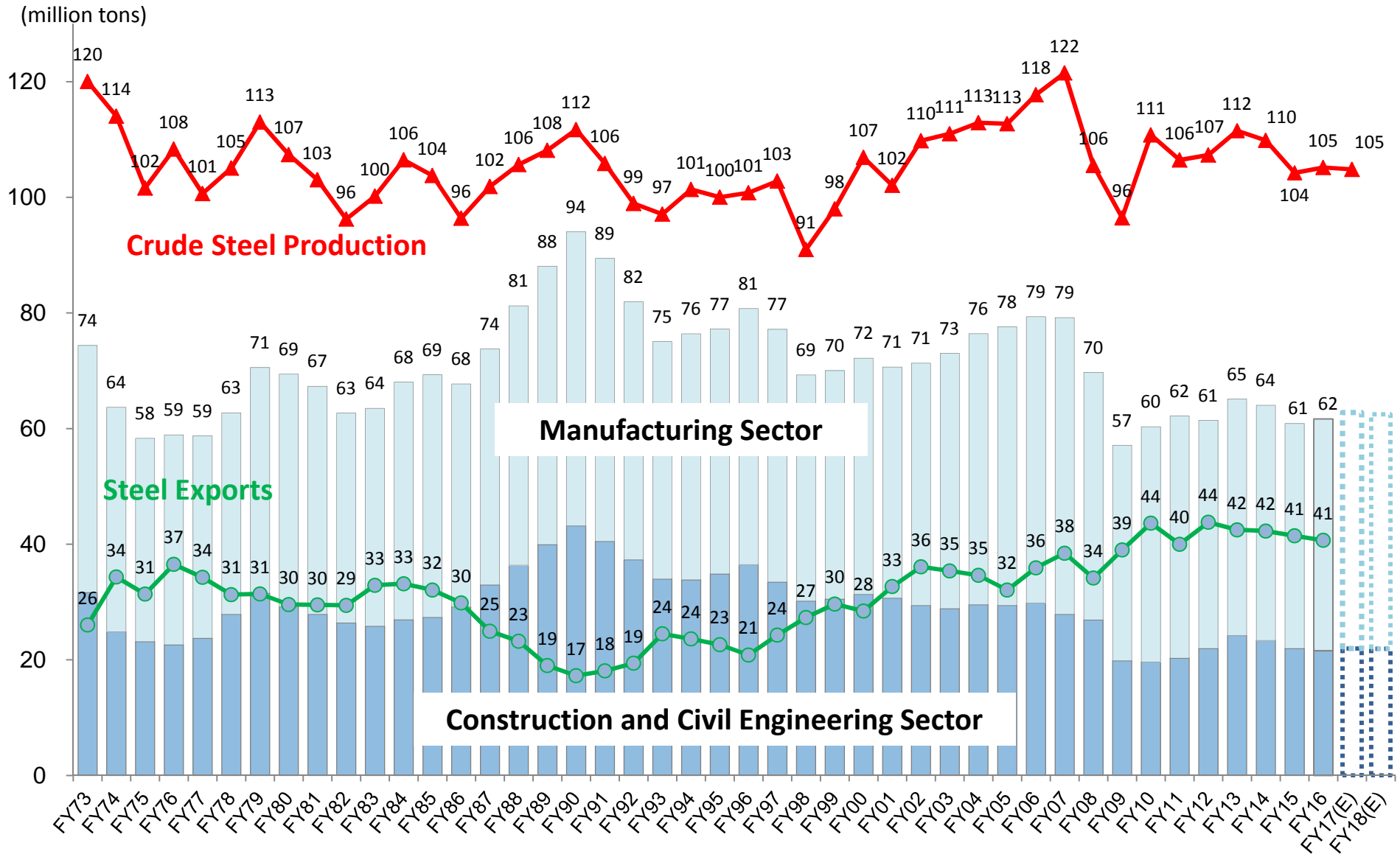
Hot Rolled Sheets Prices by Region

(Prices of Hot Rolled Sheets in Local Currency as of Apr. 2014=1.0)



(Source : The Japan Iron and Steel Federation)

Domestic Steel Consumption Trend



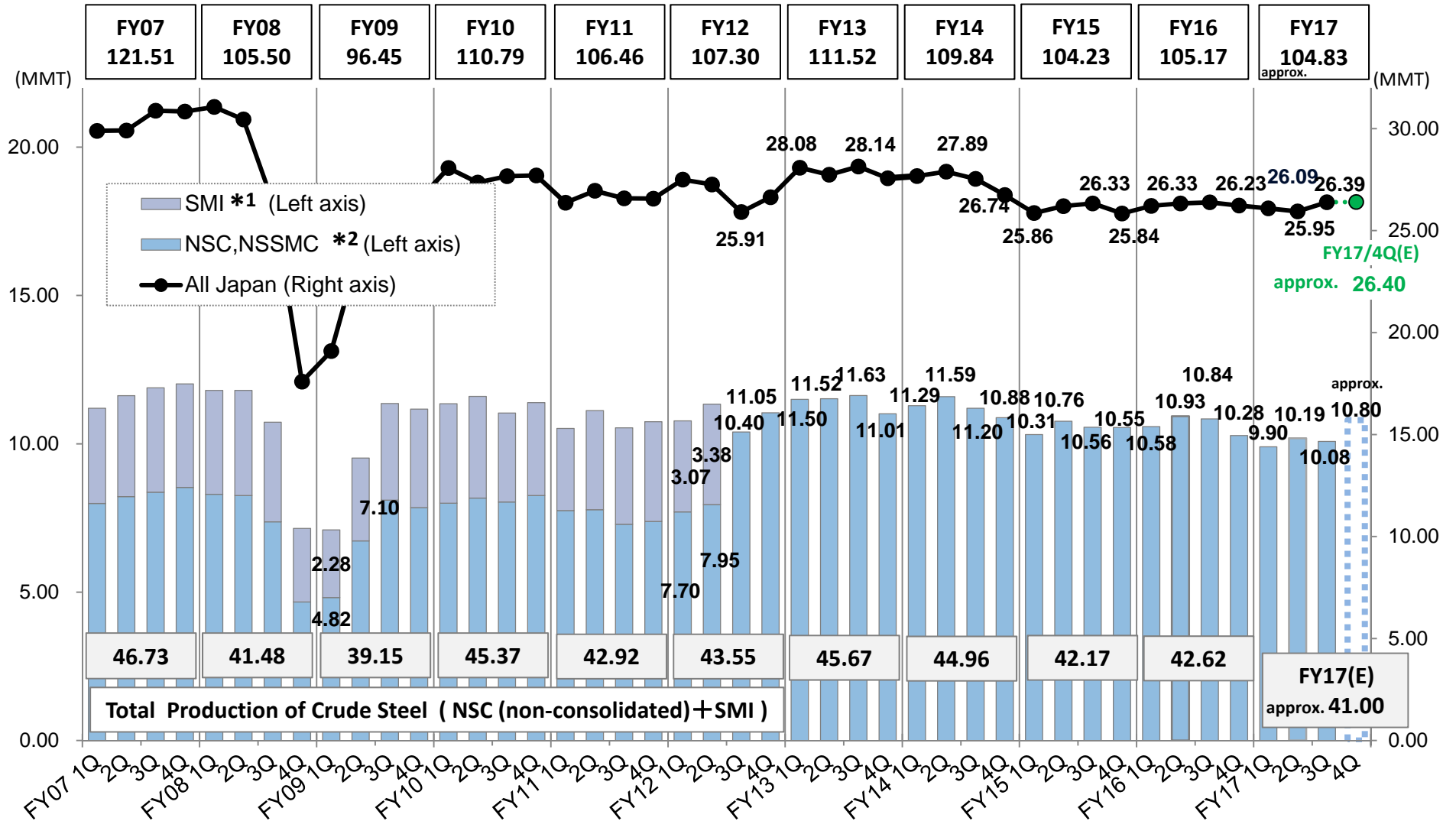
(Source : NSSMC estimation)



Domestic Crude Steel Production

All Japan (million tons)

(Domestic Crude Steel Production of FY17/3Q(E) released by METI)



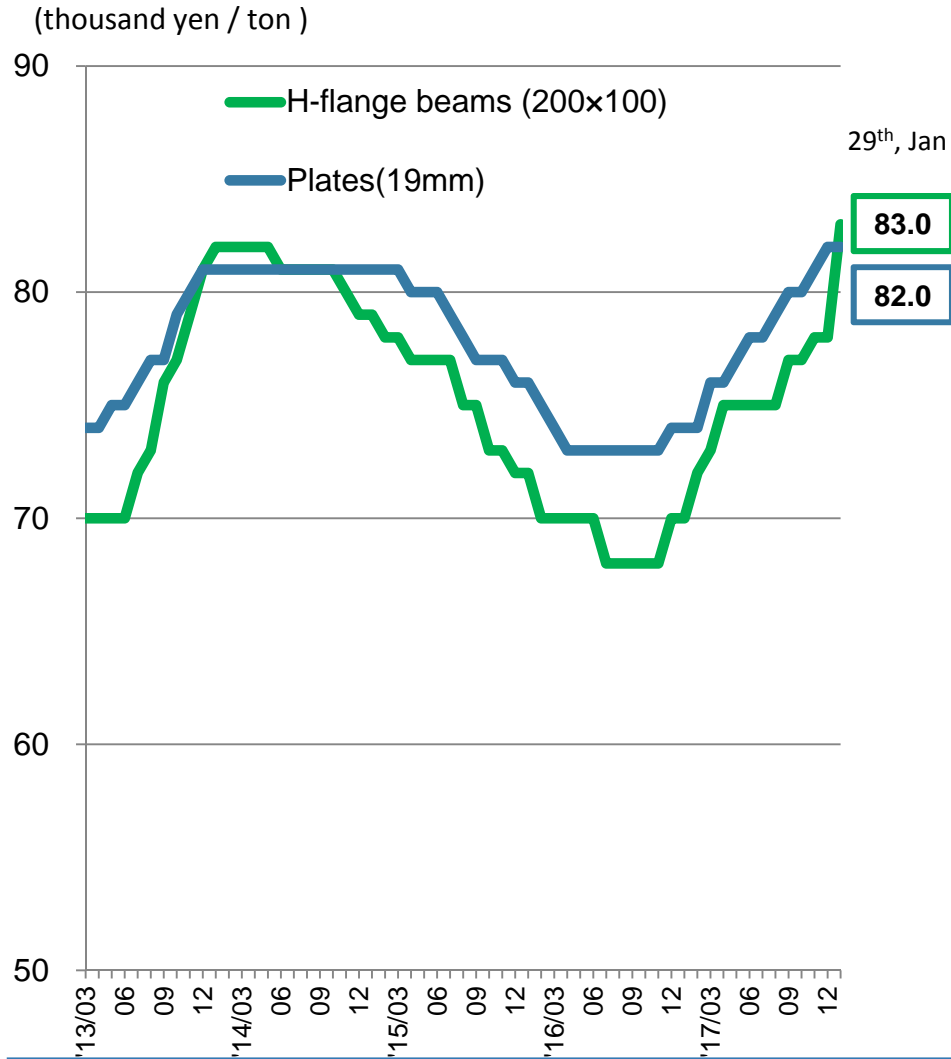
*1 Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co.

*2 Includes NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP

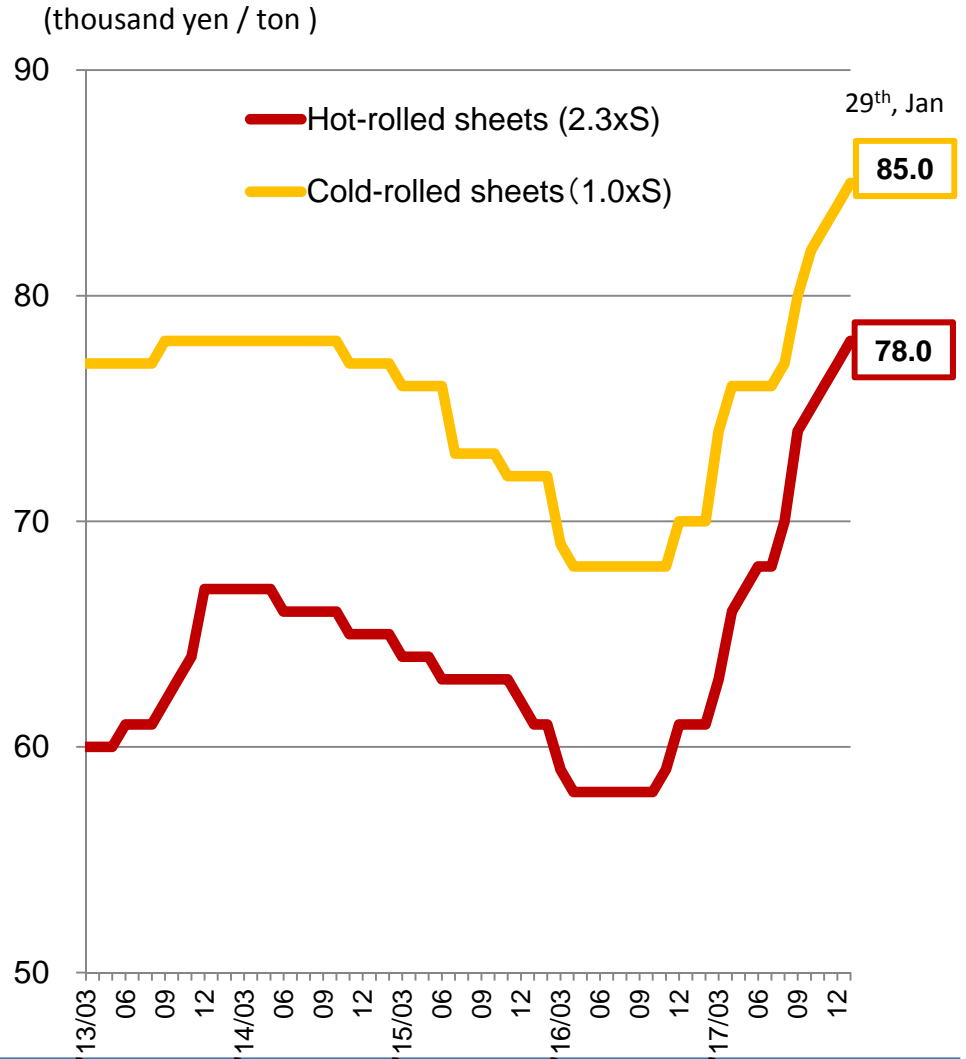


Domestic Steel Products Prices

Plates & H-flange beams



Hot-rolled sheets & Cold-rolled sheets

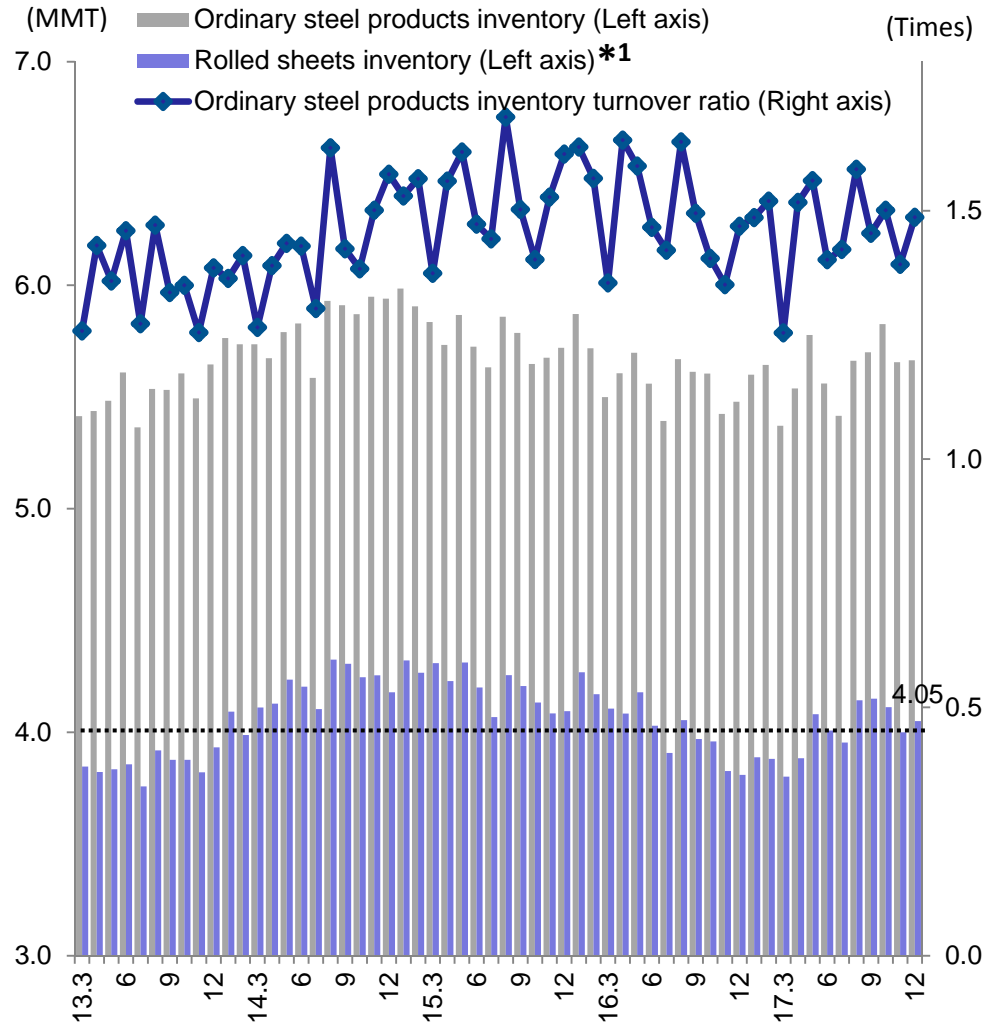


(Source : Japan Metal Daily)

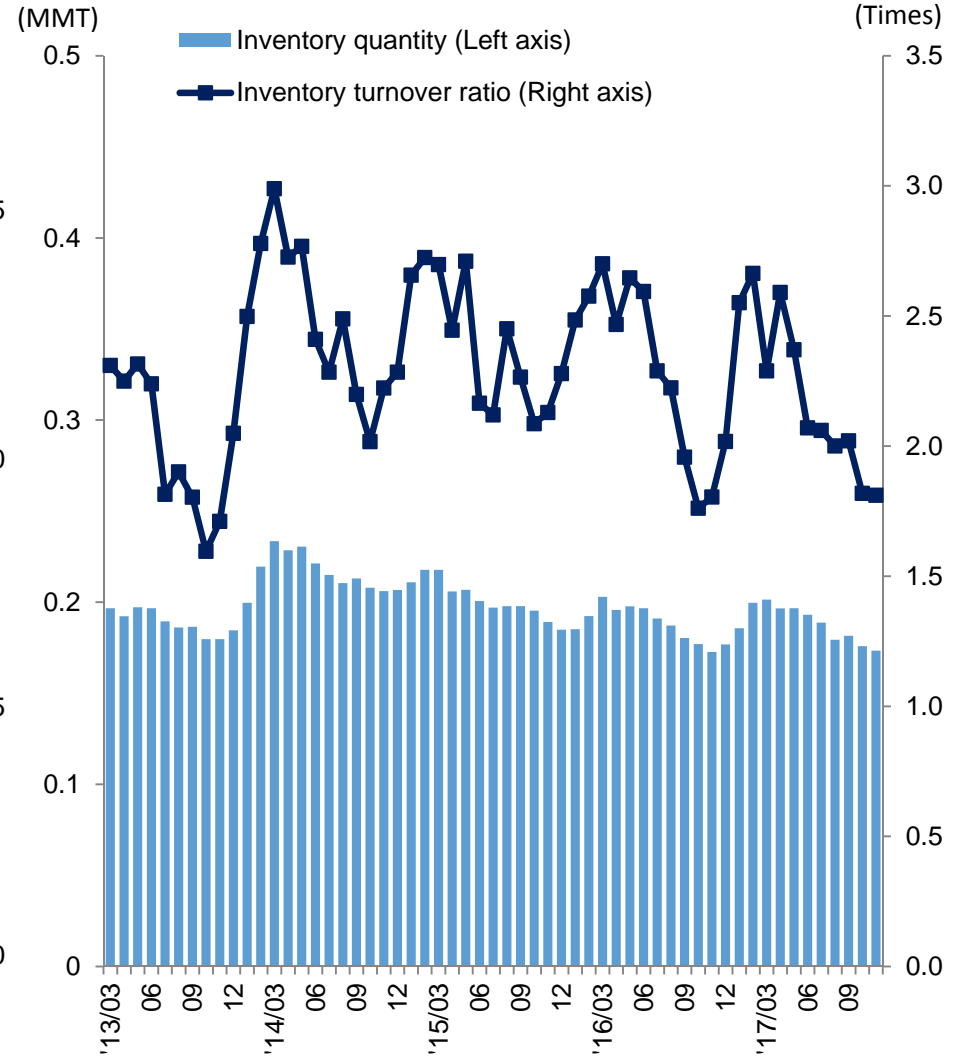


Domestic Steel Inventory

Rolled Sheets Inventory *1



H-flange beams*2 Inventory



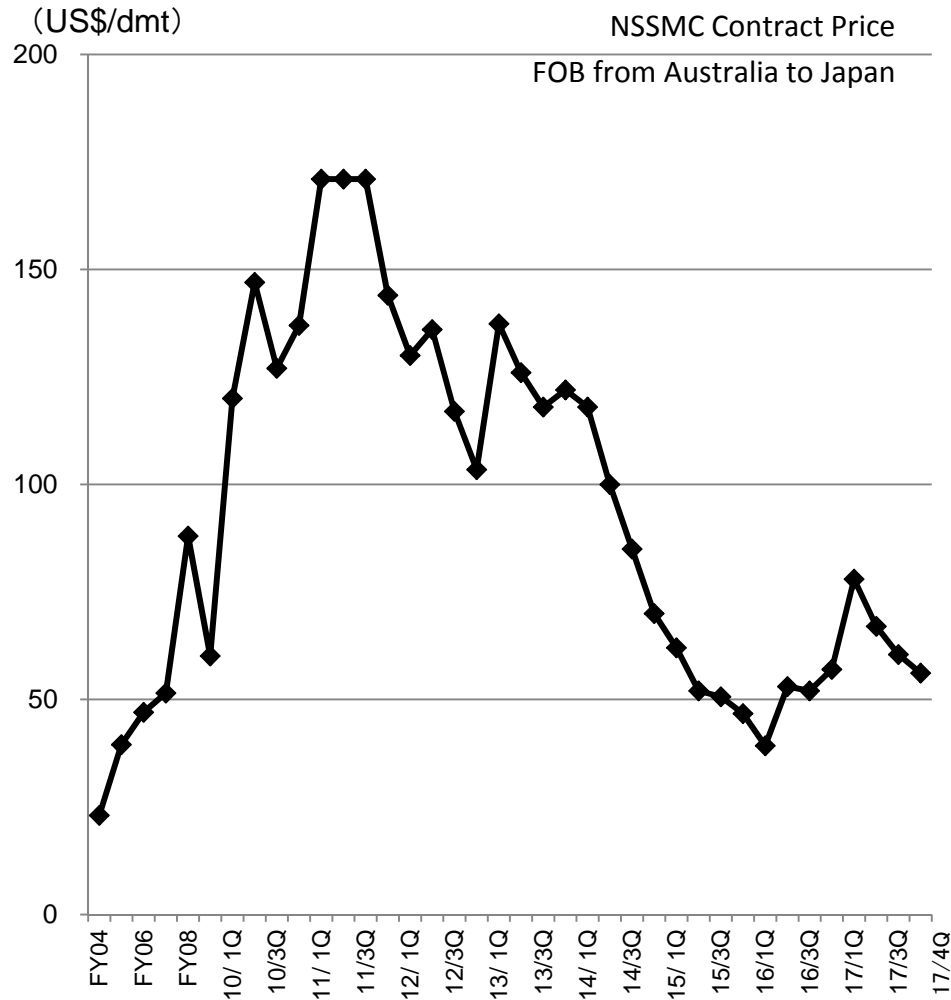
(Source : Japan Iron and Steel Federation)

*1 Hot-rolled, Cold-rolled and Coated sheets

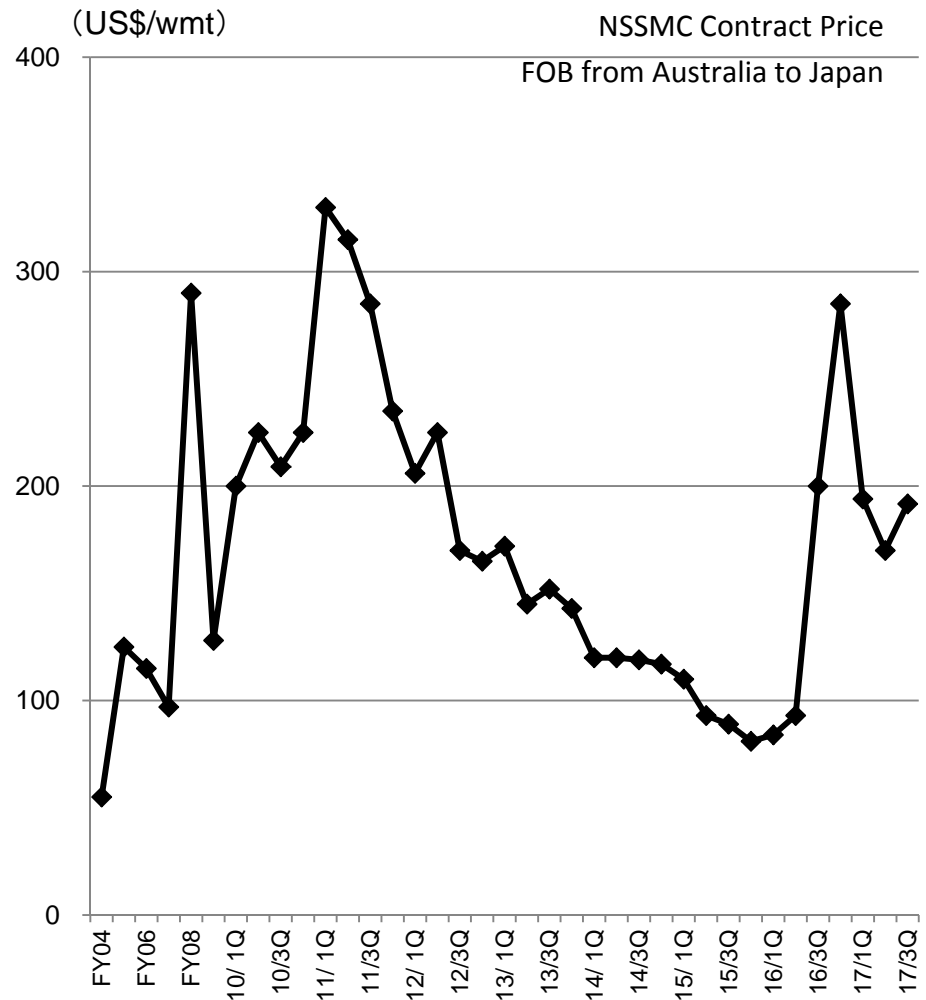
*2 Inventories of the distributors dealing with H-flange beams manufactured by NSSMC

Iron Ore & Coking Coal Prices

Iron Ore (Fine)



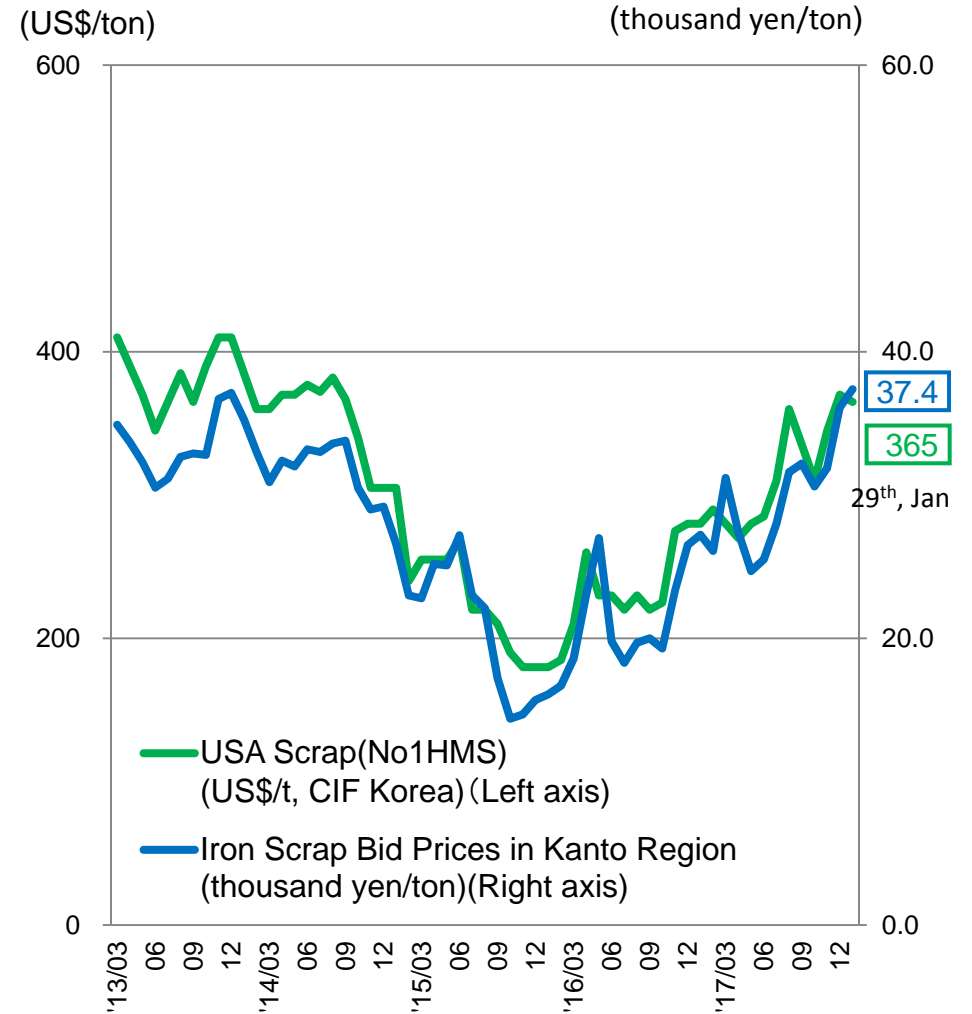
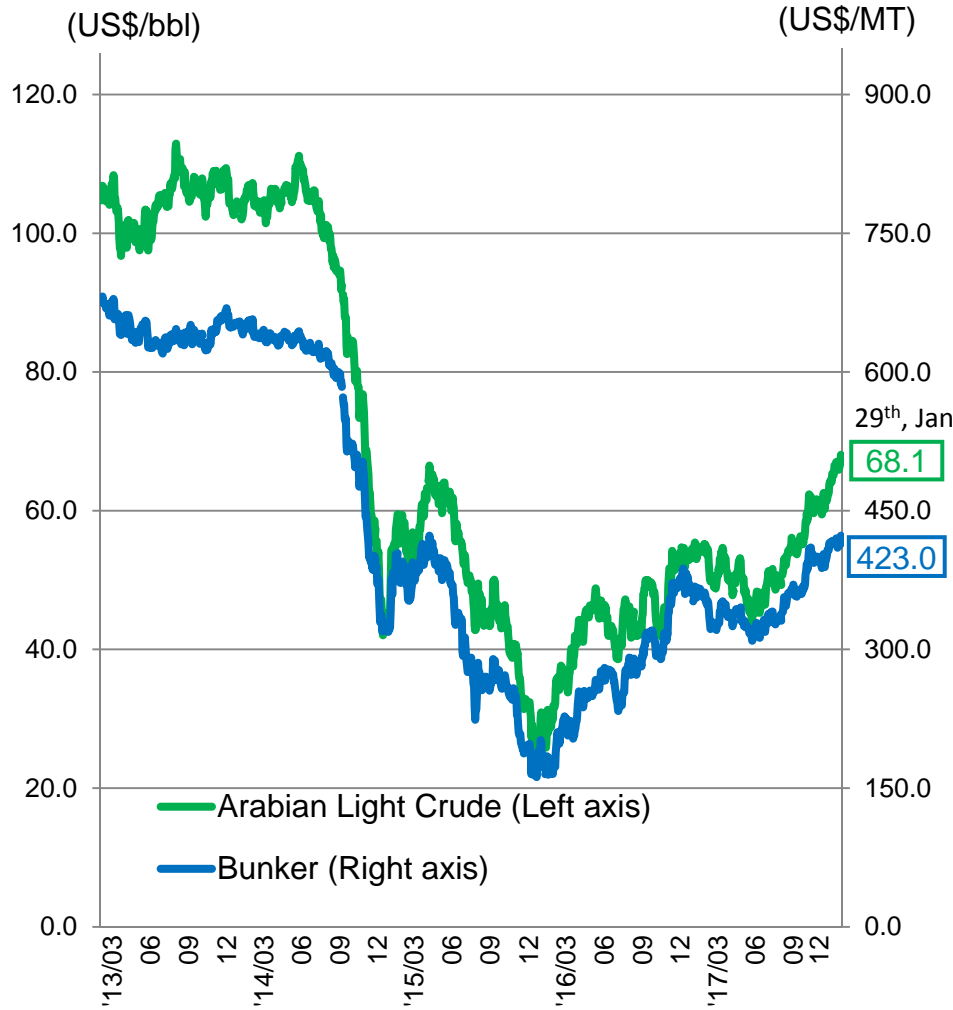
Hard Coking Coal



Market Trends <Crude Oil & Scrap>

Crude Oil

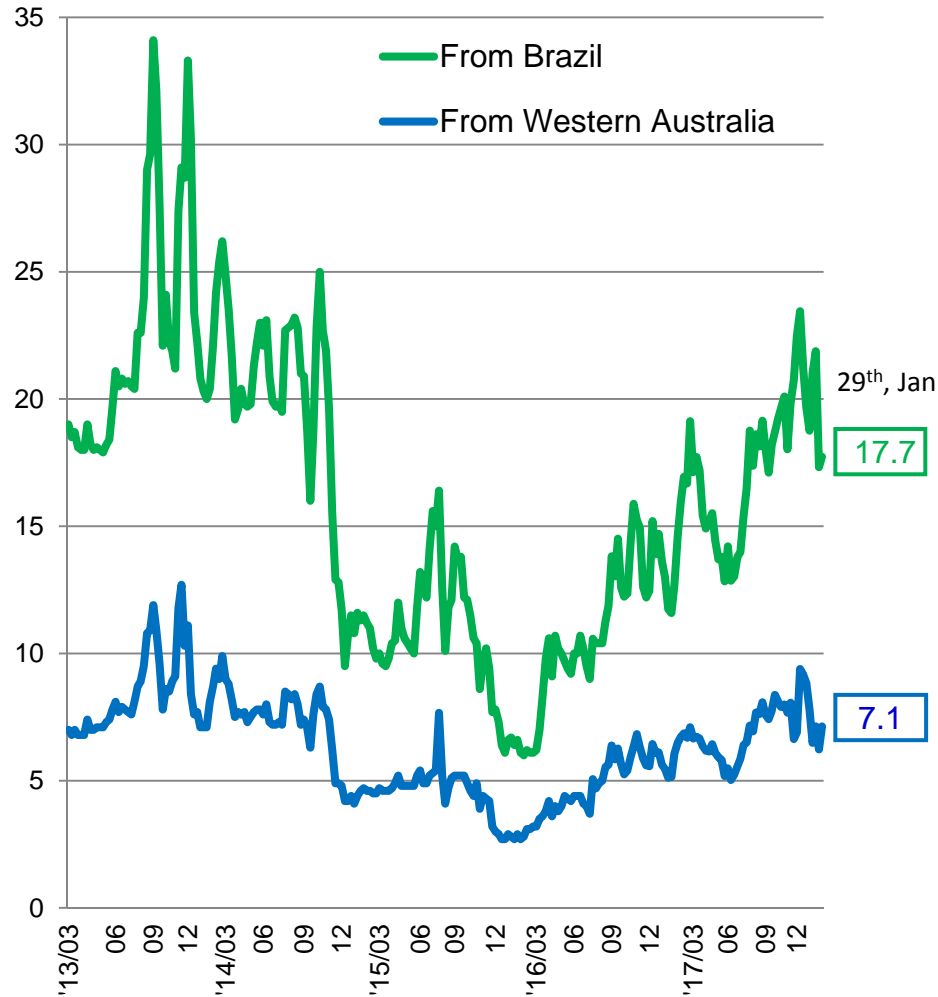
Scrap



Market Trends < Freight & Mold Pig Iron >

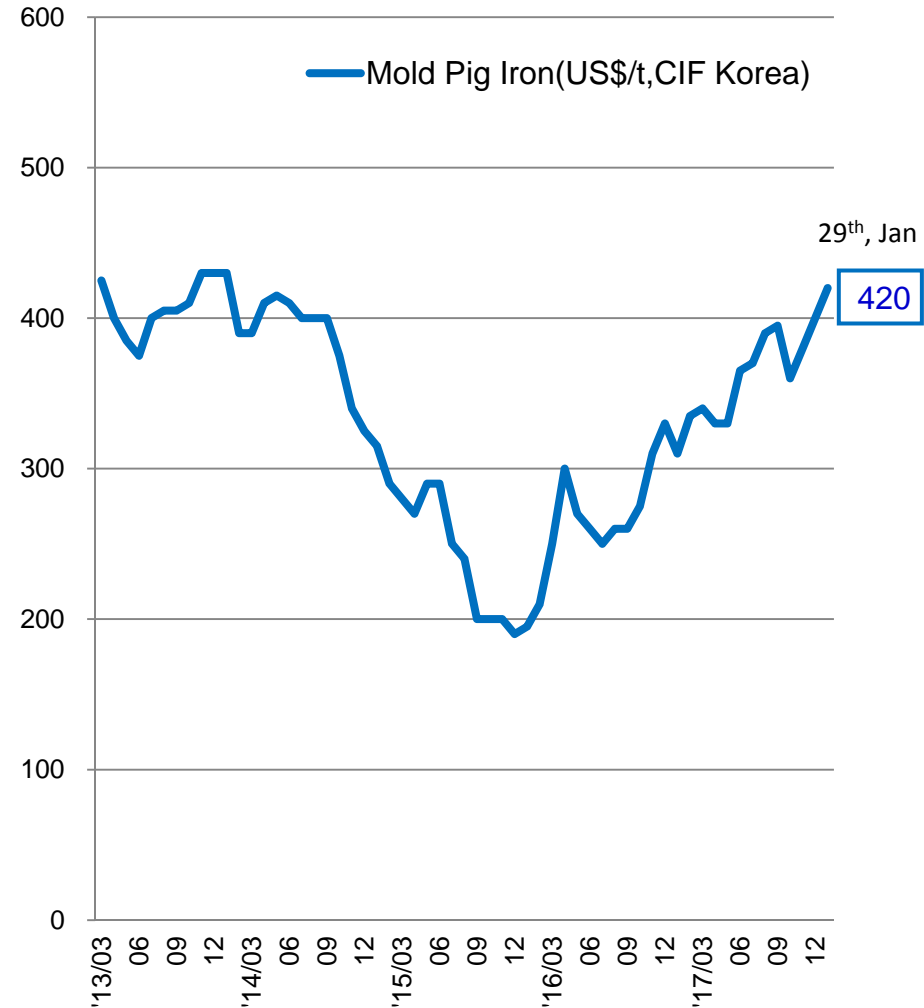
Freight

(US\$/WMT, Cape size 170 thousand tons hull form)



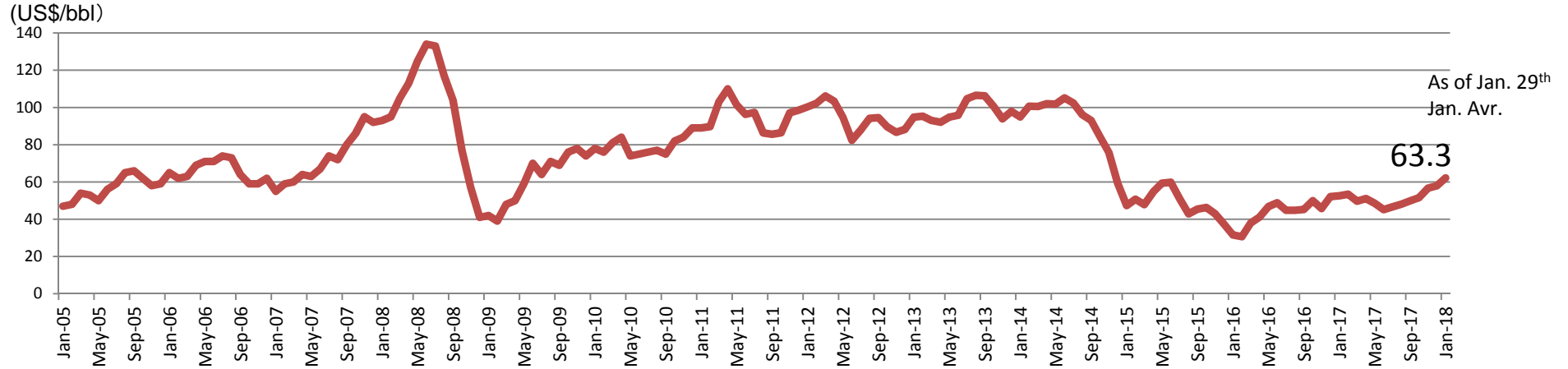
Mold Pig Iron

(US\$/T, CIF Korea)

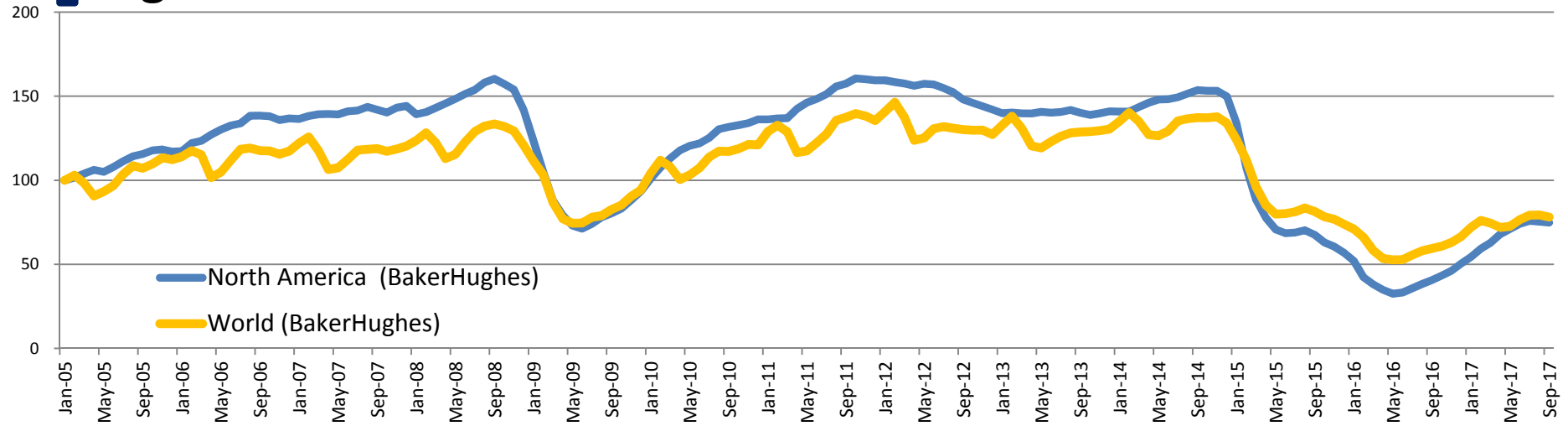


Energy Sector : Oil Price / Rig Count

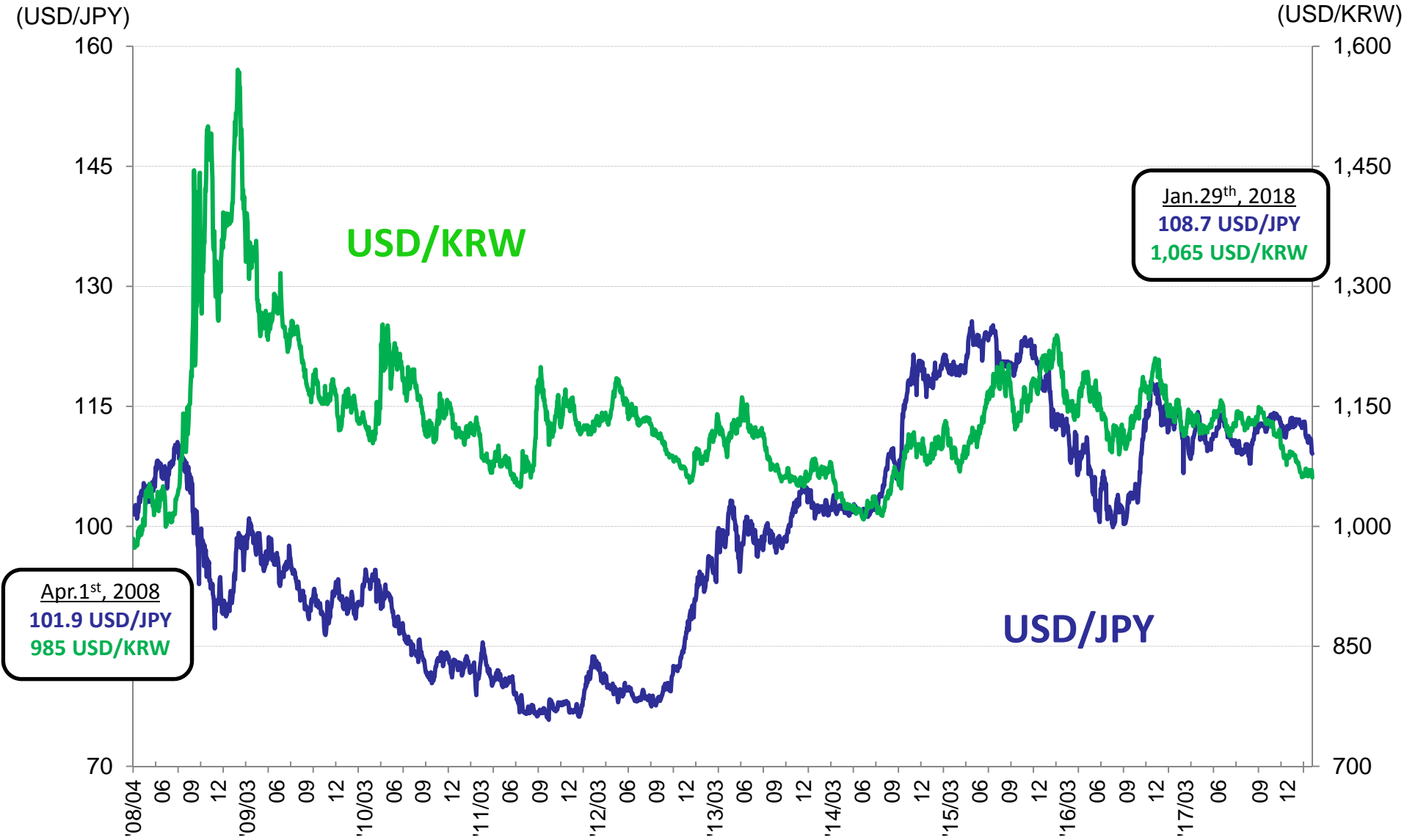
US Oil Price (WTI Spot)



Rig Counts (Jan. 2005=100)



Forex Trend



This presentation does not constitute an offer or invitation to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. This presentation is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. No warranty is given as to the accuracy or completeness of the information contained herein. Investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such company and the nature of the securities. Any decision to purchase securities in the context of a proposed offering, if any, should be made solely on the basis of information contained in an offering circular published in relation to such an offering. By participating in this presentation, you agree to be bound by the foregoing limitations. This presentation contains statements that constitute forward looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of Nippon Steel & Sumitomo Metal Corp. or its officers with respect to its financial condition and results of operations, including, without limitation, future loan loss provisions and financial support to certain borrowers. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in such forward looking statements as a result of various factors. The information contained in this presentation, is subject to change, including but not limited, to change of economic conditions, financial market conditions, and change of legislation / government directives.

Any statements in this document, other than those of historical facts, are forward-looking statements about future performance of Nippon Steel & Sumitomo Metal Corporation and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.