NIPPON STEEL & SUMITOMO METAL

5401: JP
NSSMY: ADR

2020 Mid-Term Management Plan

March 2, 2018

Kosei Shindo

Representative Director & President

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.

I am Kosei Shindo, President of NSSMC.
Today, I am pleased to present the key points of NSSMC's new Mid-Term Management Plan (2020 Plan) consisting of a three year plan for Fiscal Year ("FY") 2018 through FY2020 and longer-term measures beyond FY2021 to be formulated and set into motion in the three-year term.

Agenda

1. Objectives

2. Major Initiatives

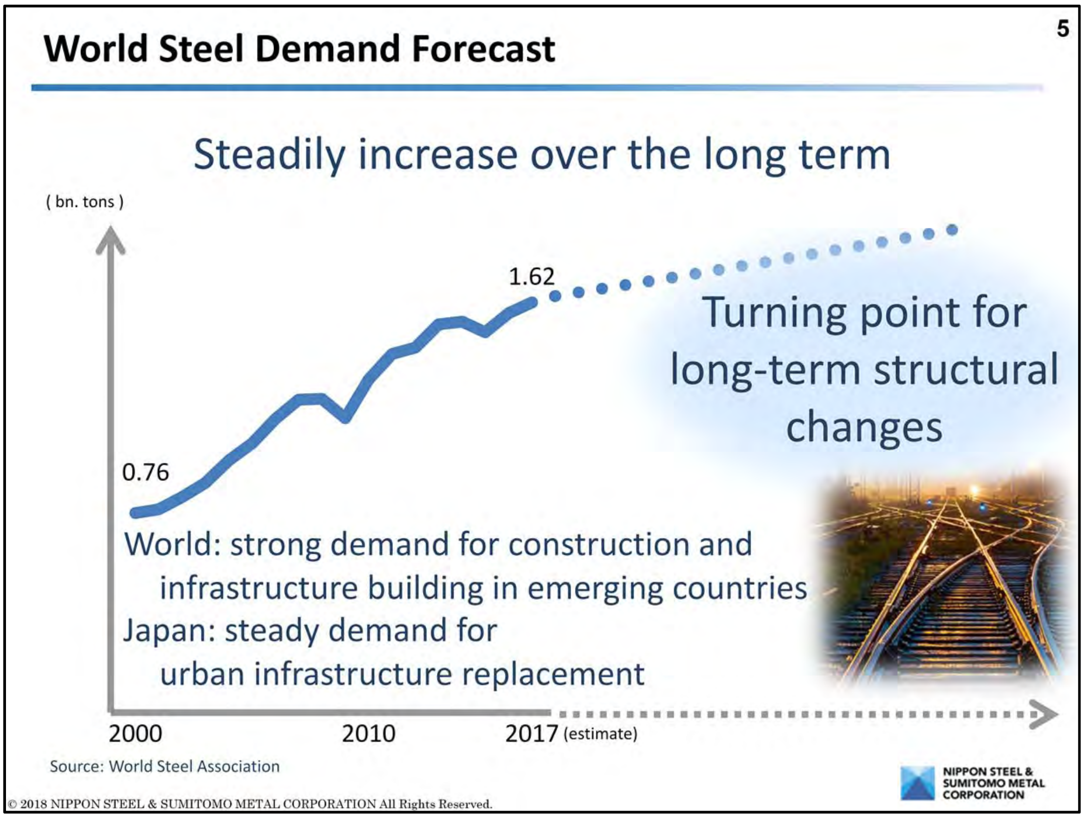
3. Review of 2017 Plan and
   Targets of 2020 Plan

4

1. Objectives

NIPPON STEEL & SUMITOMO METAL CORPORATION

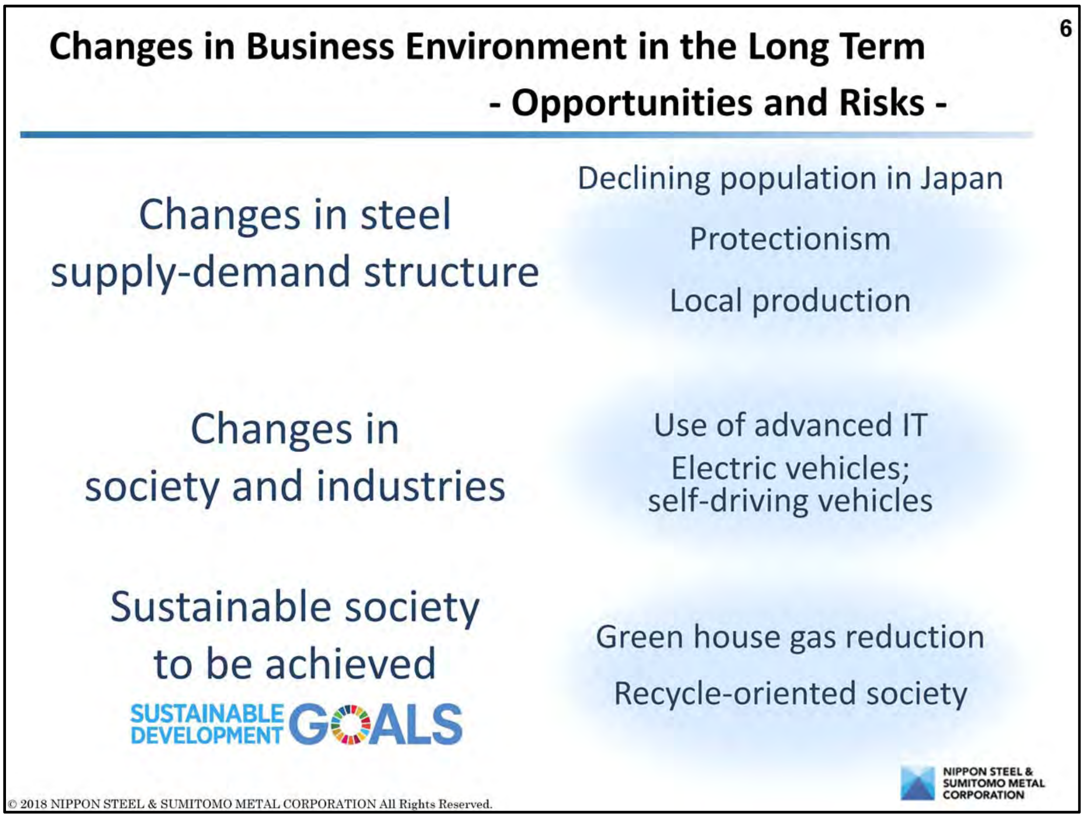
First, let me talk about the basic initiatives.



Concerning the business environment, the world economy is expected to remain strong and global steel demand is projected to steadily increase over the long term, led by demand for construction and infrastructure development in emerging countries. In Japan, continued demand for urban infrastructure replacement is expected.

Meanwhile, society and industries are anticipated to change significantly in the long term.

The steel industry is also coming to a turning point and it needs to advance further.

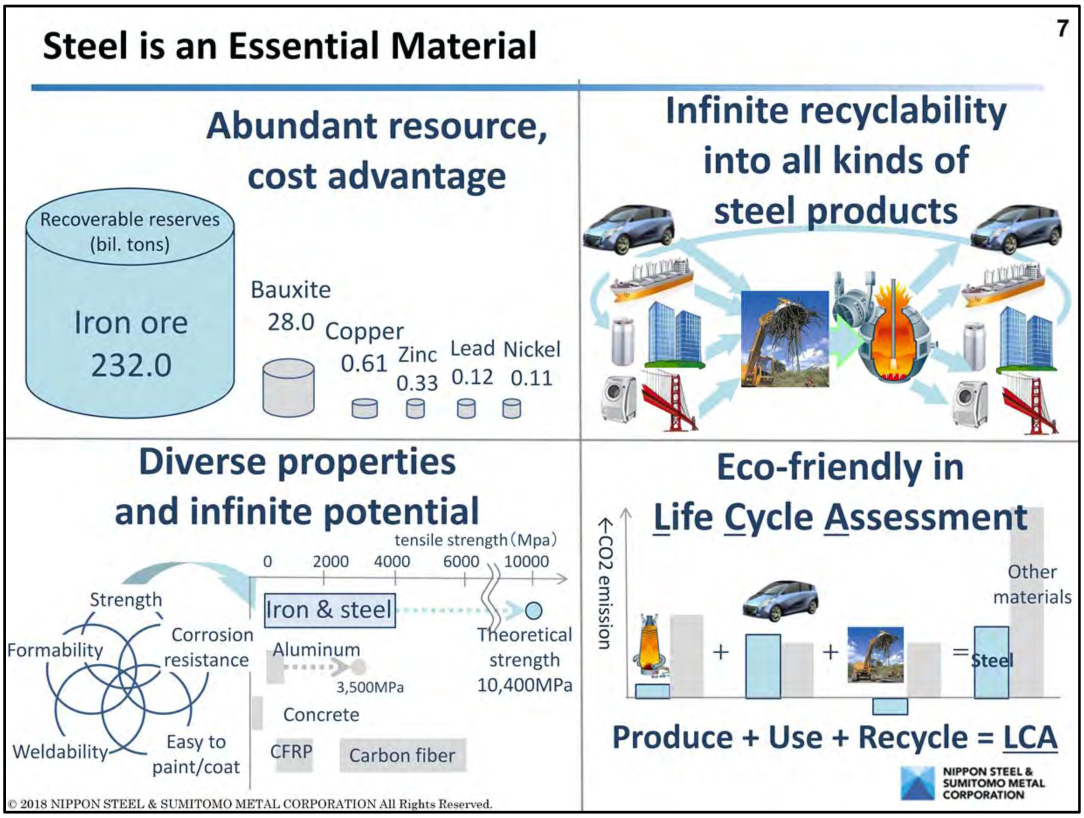


In Japan, the population has begun to decline, and domestic steel demand is expected to decline in the long run.
Overseas, protectionism is rising in some countries while some emerging countries with growth potential may shift towards local production of steel products rather than relying on imports.
Even though global steel demand is growing, the supply-demand structure is anticipated to change, and steel exports from Japan may potentially be affected.

Moreover, trends such as rapid innovation in IT, automakers' growing need for lighter and stronger vehicles, a shift to electric and other new energy vehicles, and the development of self-driving vehicles are anticipated to bring significant change to society and customer industries.

Further, the adoption of the Sustainable Development Goals (SDGs) by the United Nations and entering into force of the Paris Agreement reinforce corporate responsibility to contribute to the achievement of a sustainable society.

While we are in the midst of such megatrends, I am confident that steel will continue to play a main role as an indispensable basic material for all industries and infrastructure.



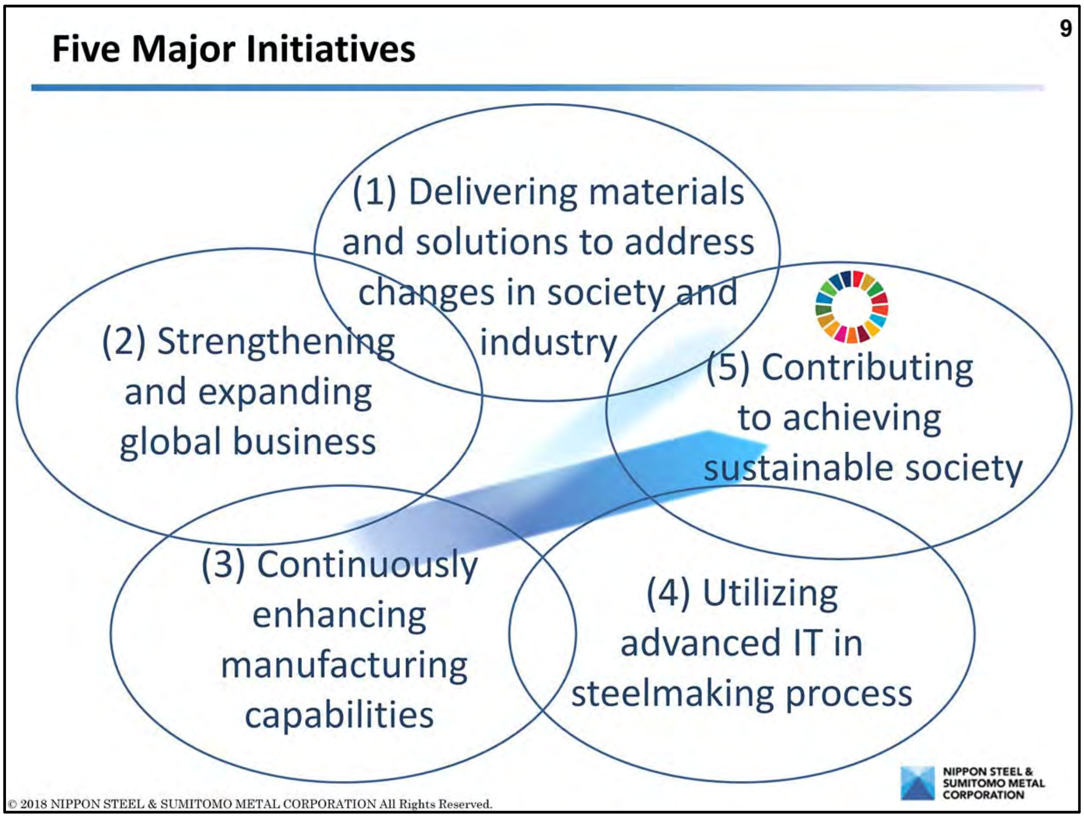
Steel is abundant and has a cost advantage. Steel also possesses diverse properties: it is strong and easy to form and weld. In terms of how such properties can be enhanced and combined, steel has infinite potential.

From an environmental perspective, steel is also the most superior material. After ending its product life, steel can easily be sorted from other materials due to its magnetic property.
Although steel products are manufactured with different properties for different applications such as vehicles and construction, all of those properties can be reset by through refinery processes when being recycled. Steel therefore can be repeatedly recycled into all kinds of steel products without its inherent properties being degraded.

Steel also has far lower CO_2 emissions per unit weight during production than other materials such as aluminum and carbon fiber.
When evaluating environmental impact of materials, impact in use tends to be focused, but when viewed over its life cycle throughout manufacturing, in use, and recycling, steel has a very low environmental impact.

NSSMC will address the megatrends surrounding our business, make further use of the superior material steel, and continue to contribute to society.

In order to do so, we will continue our long-term initiatives to strengthen our basic competence and focus on further advancing our "technological superiority," "cost competitiveness," and "global strategy," addressing long-term changes over the next ten or twenty years, in response to the "megatrends". With that in mind, we have developed our 2020 Mid-Term Management Plan (2020 Plan).



There are five major initiatives.

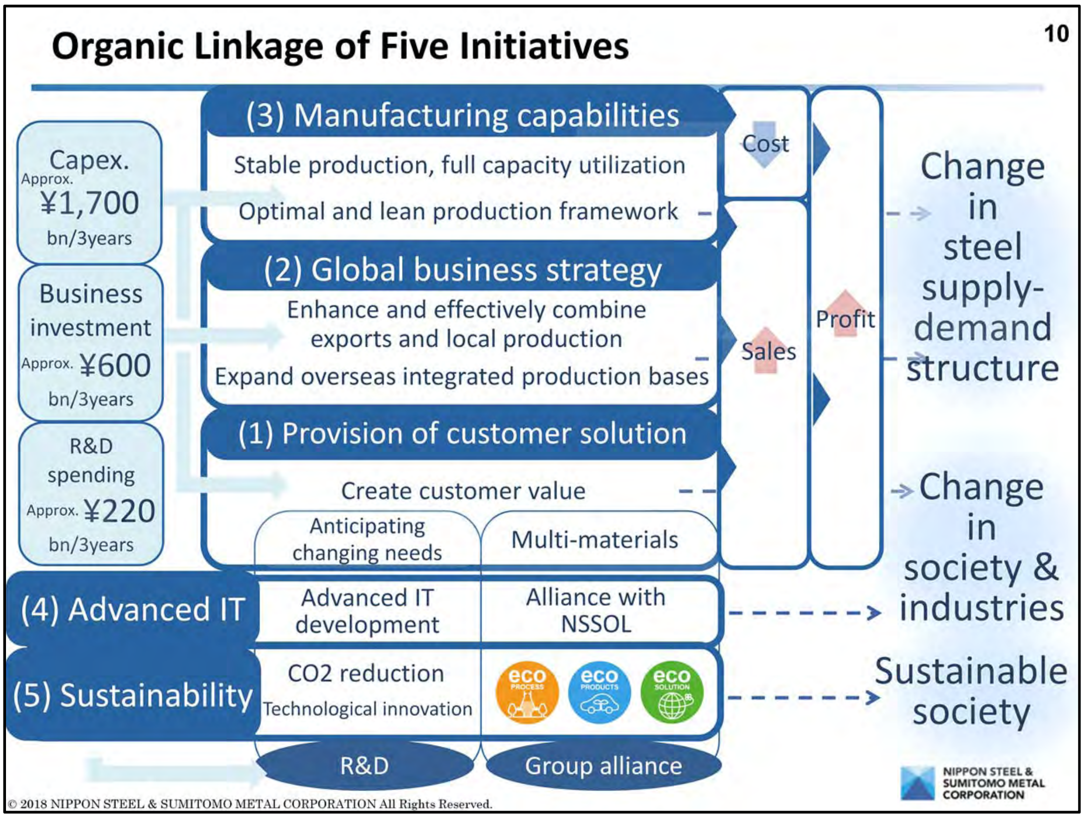
Delivering materials and solutions responsive to changes in society and industry;

Strengthening and expanding its global business;

Continuing to strengthen “manufacturing capabilities” of domestic mother mills;

Utilizing advanced IT in steelmaking processes; and

Contributing to the achievement of a sustainable society (SDGs).



These five initiatives are also organically interrelated.
Through sales growth and enhanced cost competitiveness, we aim to increase profit and address long-term and structural changes in society and industries.

In order to do so, we will implement these five initiatives by injecting roughly ¥ 1,700 billion in capital expenditures, ¥ 600 billion in business investment, and ¥ 220 billion in R&D spending over the three–year term.
All these amounts exceed what we have injected under the 2017 Mid-Term Management Plan (2017 Plan). We will fully utilize our technology development capability and alliances within the Group in implementing these initiatives.

2. Major Initiatives

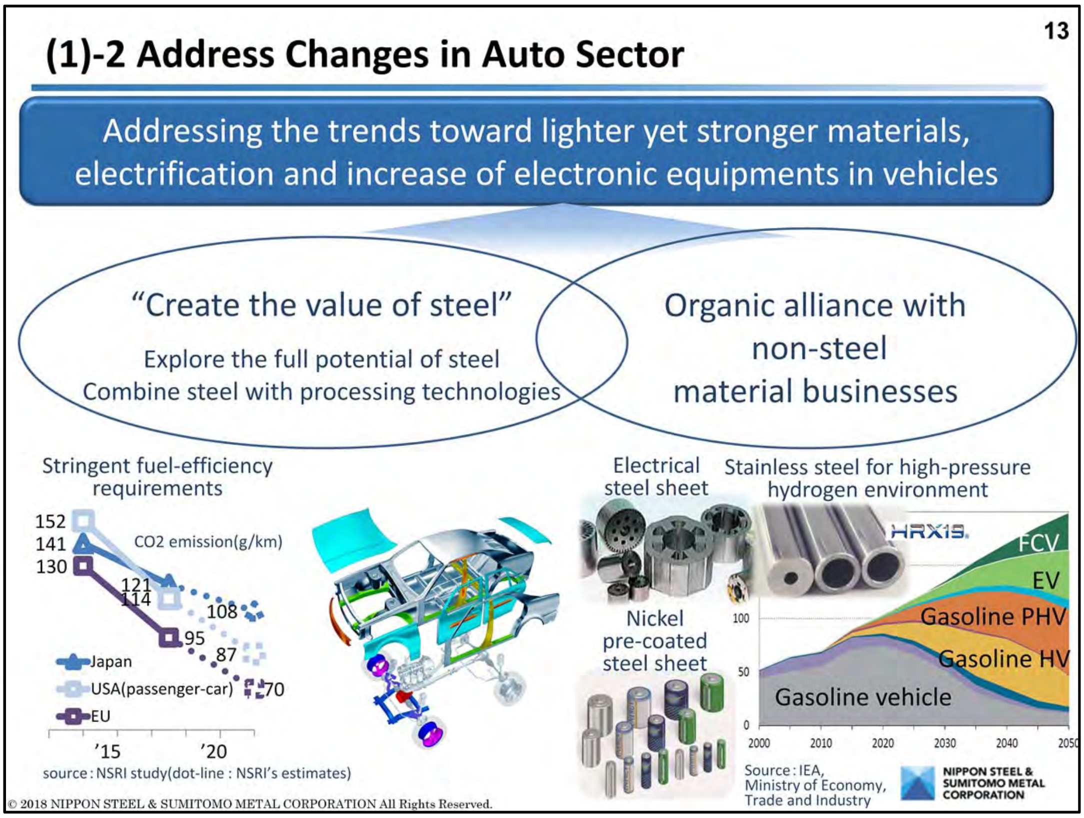
NIPPON STEEL & SUMITOMO METAL CORPORATION

Let me move on to explain details of these five initiatives.

Requirements for materials in terms of properties are becoming diverse and advanced: automobiles are becoming lighter and more electrified, and electronic components are required to be even lighter, thinner, shorter, and smaller, as well as more reliable.

To meet such customer requirements, NSSMC will "create the value of steel", develop materials that address evolving customer needs and expand its offer of solutions in areas such as application and processing technologies. This will include supporting customers through stable supply of and further enhanced performance of high-grade steel such as high-tensile steel sheet for automobiles and high-corrosion resistant seamless pipes.

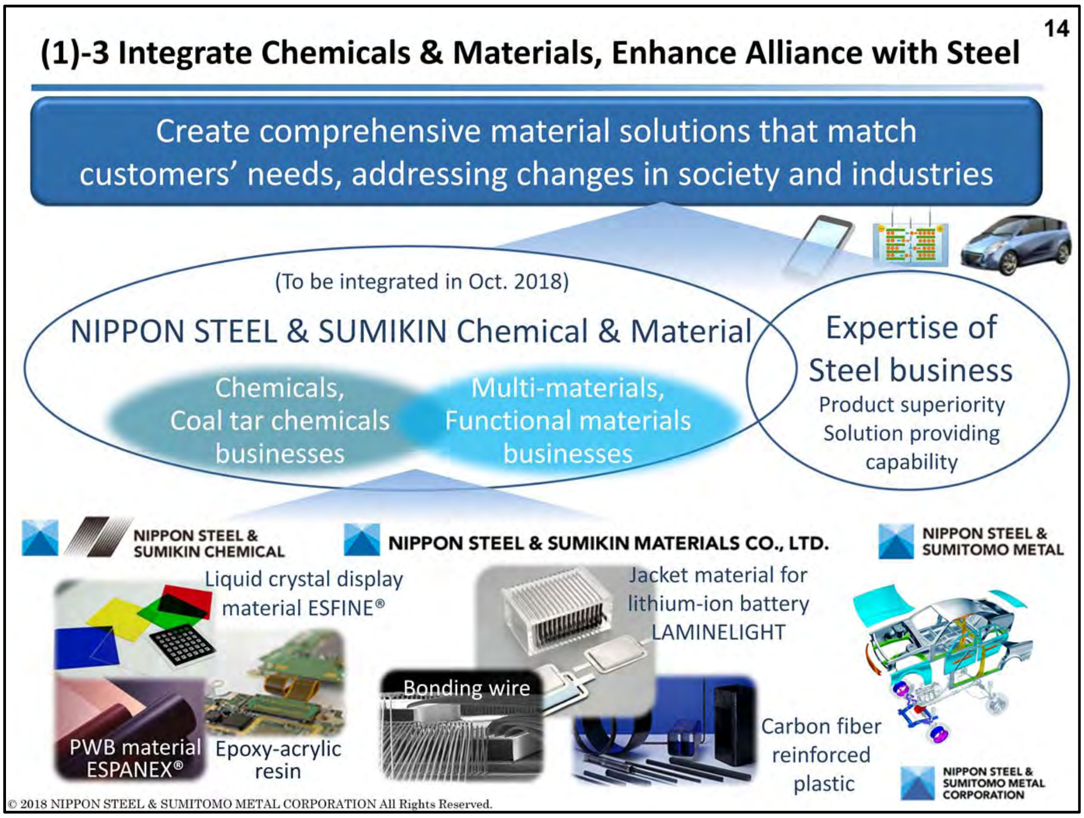
NSSMC product lines with distinctive features have been branded and are well known to our customers.
Through various measures such as these, NSSMC will aim to contribute to customers' value creation and to achieve growth in its own sales.



In particular, significant change is anticipated in customer needs in the automotive sector, such as a shift towards lighter and stronger vehicles, electrification, and the adoption of more electronic equipment.

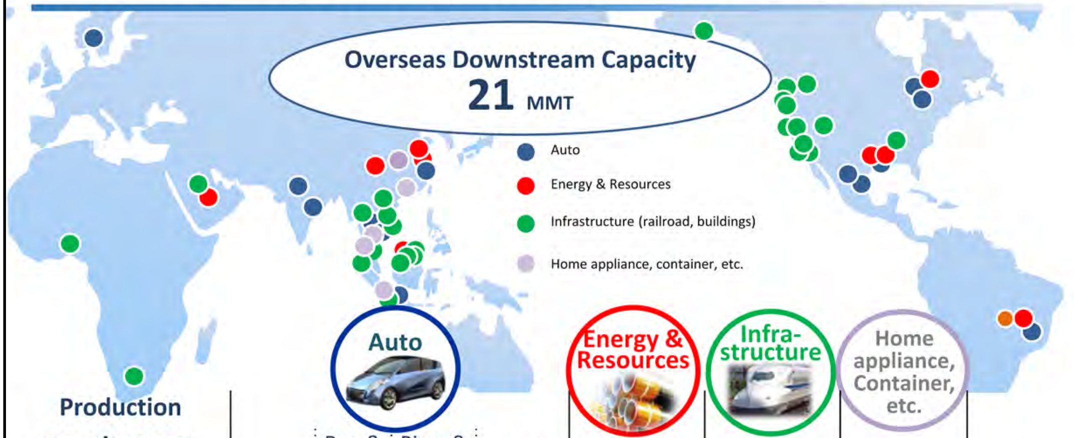
We will respond to customers' increasingly complex, advanced needs, such as needs for multi-materials, by "creating the value of steel", and combining processing technologies with our steel products.

We will also respond to customer needs for multi-materials by organically allying technologies and products of our non-steel material businesses with steel.



To advance this initiative, Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd. will be integrated to become Nippon Steel & Sumikin Chemical & Materials Co., Ltd. in October 2018.
The integrated company will advance its business strategy, deepen alliances with the steel business, and enhance the NSSMC Group's capabilities in providing comprehensive material solution for customers' advanced needs in areas such as automobiles and batteries.

(2)-1 Global Supply Network of High-Grade Products

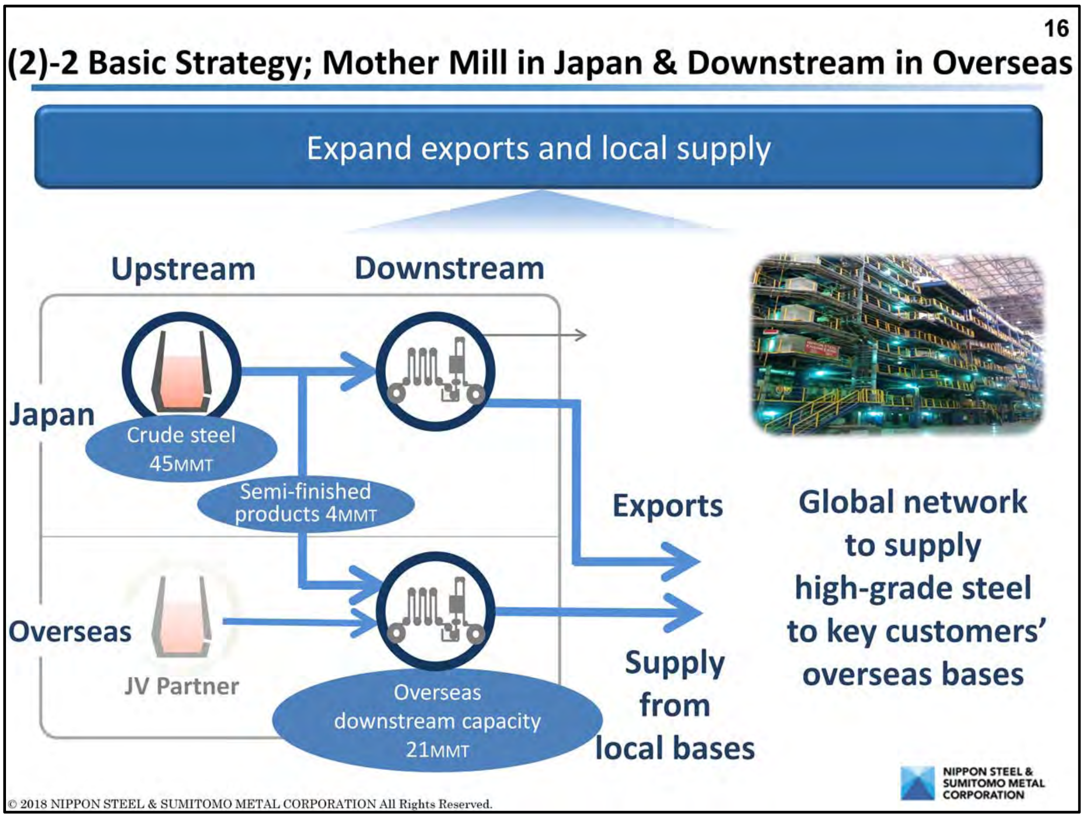


Production capacity MMT/y	Auto: Sheets	Auto: Bars& wires	Auto: Pipes& tubes	Auto: Crank -shaft	Energy & Resources	Infra-structure	Home appliance, Container, etc.
ASEAN	1.85	0.10	0.25			2.80	0.90
China	3.40	0.05	0.05		0.20		1.00
India	0.60		0.10				
Middle East, Africa					0.45	0.45	
North America	5.85	0.03	0.10		0.10	1.05	
Latin America	1.45		0.02		0.30		
Europe		0.05					

21 MMT

NIPPON STEEL & SUMITOMO METAL CORPORATION

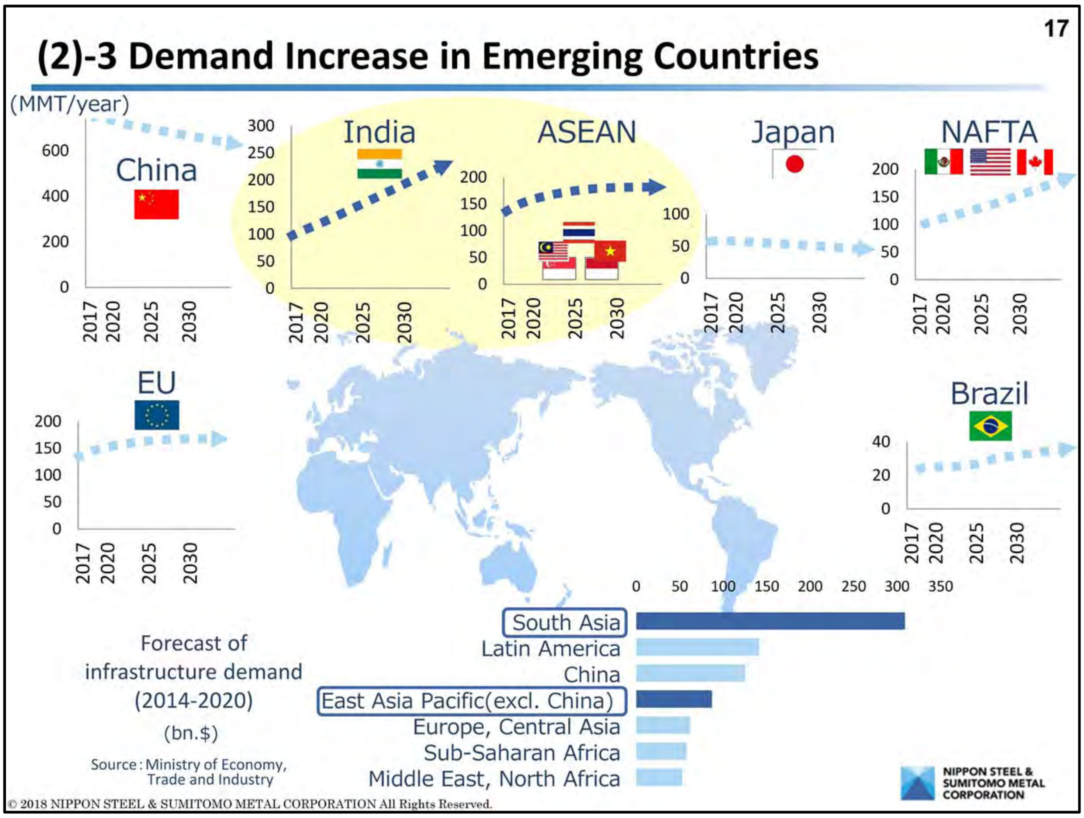
The second initiative is strengthening and expanding our global business.
NSSMC has been ahead of its competitors in establishing overseas downstream production bases in Asia, North America, and Latin America. We now have a global supply network of 21 million tons of capacity mainly to supply three industry sectors: automotive, energy and resources, and infrastructure.



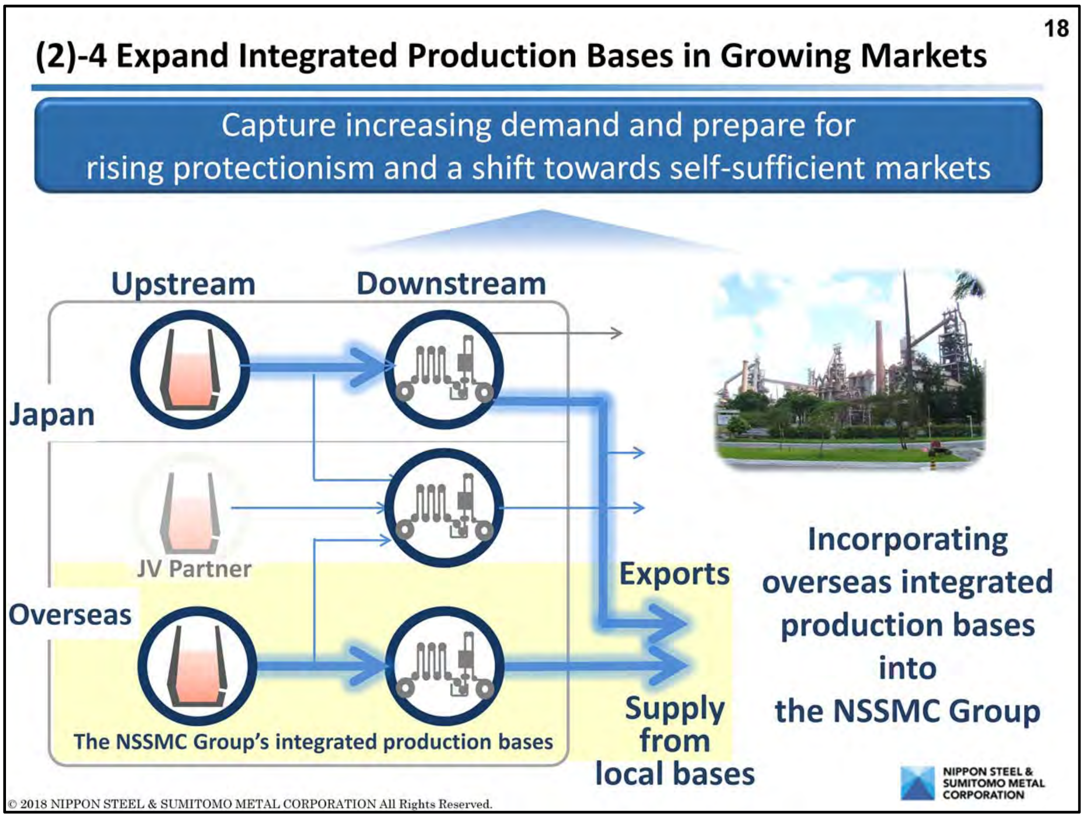
These overseas downstream bases import semi-finished products from the upstream processes of mother mills in Japan and produce high-grade steel products, where we have strengths. We can thus supply steel products of the same quality as those made in Japan to our major customers' overseas bases.

At the same time, our overseas bases are also supplied with semi-finished products from our local JV partners, which are leading steelmakers in each respective region, to meet local demand.

By leveraging our product technology capability, cost competitiveness, and global supply network to the maximum extent, we have provided steel products with the NSSMC brand to customers through both exports from mother mills in Japan and supply from local production bases.



As noted at the beginning, global steel demand is projected to continue growing in the long term. Particularly in emerging countries such as ASEAN countries and India, steady growth is anticipated due to robust demand for the construction of infrastructure, and these countries tend to favor a shift towards local steel production.



We intend to capture such growing infrastructure demand in emerging countries. At the same time, we will consider measures to prepare for the rising protectionism and the shift towards self-sufficient markets. In addition to our present business model to combine domestic mother mills and overseas downstream bases, we will consider adding overseas integrated production bases with processes from crude steel production to final product manufacturing, to our Group.

(2)-5 Business Investment

Conduct investment and M&As to actively strengthen NSSMC's business strategy both in Japan and overseas

Business Investment ¥600bn / 3 years (FY2018-2020)

Cf. FY2015-2017 2017 Plan ¥300bn / 3 years
Forecasts ¥210bn / 3 years

At present, NSSMC is working with ArcelorMittal for joint acquisition of Essar Steel India Limited in India, and establishment of the joint venture.

On March 2, NSSMC and Arcelor Mittal entered into an agreement on basic terms and conditions to jointly acquire and manage Essar.

<About Essar Steel India Limited>
Nominal crude steel production capacity : 10MMT (integrated steel mill)
Revenue(consolidated) : 219.6 bn. INR (FY2016)
Number of employees : 3,988 (as of the end of March, 2017)
Products : Hot-rolled/cold-rolled/hot-dip-galvanized sheets, plates and pipes

ESSAR

Indian steel makers' crude steel production (CY2016 MMT/year)

1	Tata	24.5
2	JSW	14.9
3	SAIL	14.4
4	Essar	7.5
5	Vizag	3.8
	total	95.5

We have raised business investment from 2017 Plan to around ¥ 600 billion over the three-year term. We will continue to undertake alliances with major companies and M&As with speed and flexibility.

Today, we agreed with ArcelorMittal on the basic terms on the joint acquisition and operation of Essar Steel India Limited and entered into a basic agreement.

Essar Steel is the country's fourth largest steelmaker and has an integrated steelworks in the west coast of India. It manufactures steel sheets, plates, and pipes. Last year bankruptcy proceedings were initiated against Essar Steel, which are ongoing.

We have a global strategic alliance agreement with ArcelorMittal. ArcelorMittal is our joint venture partner at I/N Tek, I/N Kote, and AM/NS Calvert in the U.S. Through these alliances, the companies have developed mutual trust.

We are working with ArcelorMittal on the joint acquisition of Essar Steel. ArcelorMittal has expertise in the Indian steel industry as well as an extensive track record of acquiring and restructuring steel companies. If the deal goes through, we will capture steel demand in India, which is expected to significantly grow in the medium- to long-term, and use it as a growth driver of our Group.

Let me move on to the third initiative: Continuing to strengthen “manufacturing capabilities”.

In terms of facilities, we will further increase capital expenditures by about ¥ 100 billion per year in addition to the capital expenditures in the 2017 Plan, which were at a higher level than the previous years, in order to undertake refurbishment of blast furnaces, coke ovens, and other facilities and to introduce advanced equipment, thereby improving stability, productivity, and cost.

As for the enhancement of human resources, NSSMC will maintain the number of newly-hired employees at the increased level of the 2017 Plan and promote the succession of skills and know-how and employee training, and in parallel, promote labor-saving measures (i.e., use of IT and automation) to address labor shortage expected due to Japan’s declining population.

Through these measures, we will boost the effects of stable production, improved productivity, and cost reduction.

(3)-2 Continue to Focus on Cost Reduction

Achieve world-leading cost competitiveness

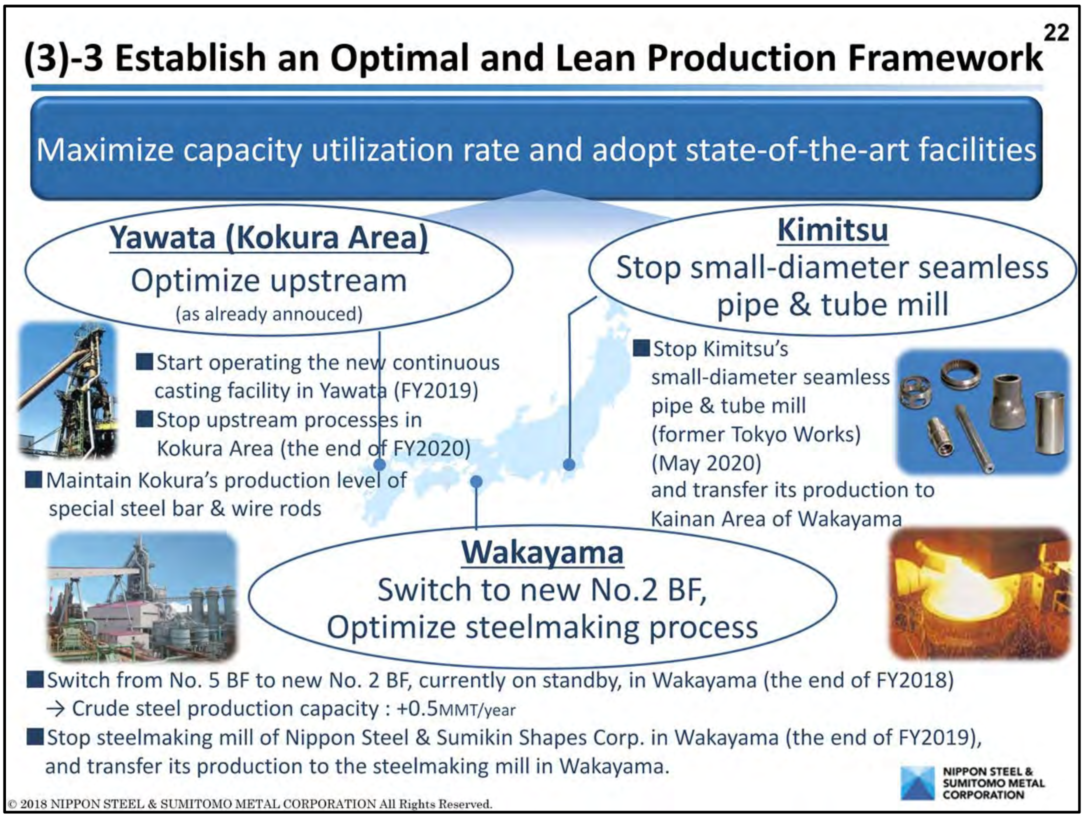
Cost Reduction ¥150 bn or more/ year

- Refurbishment of facilities (eg. Coke ovens)
- More energy efficiency
- More resource recycling
- Optimal and lean production framework

etc.

NIPPON STEEL & SUMITOMO METAL CORPORATION

We will continue to work on cost reductions.
NSSMC aims to achieve cost reductions equivalent to ¥ 150 billion or more per year and to attain world top-class cost competitiveness. We plan to achieve this through introducing advanced facilities including refurbishment of coke ovens; energy-saving measures; more resource recycling; and streamlining resulting from the establishment of an optimal production framework, which I will explain next.



Since the business integration in 2012, NSSMC has consolidated 14 rolling and surface-treatment lines and has ceased operation of the No. 3 blast furnace of Kimitsu Works, among other measures.
We will continue to seek to build an optimal production framework under the 2020 Plan.

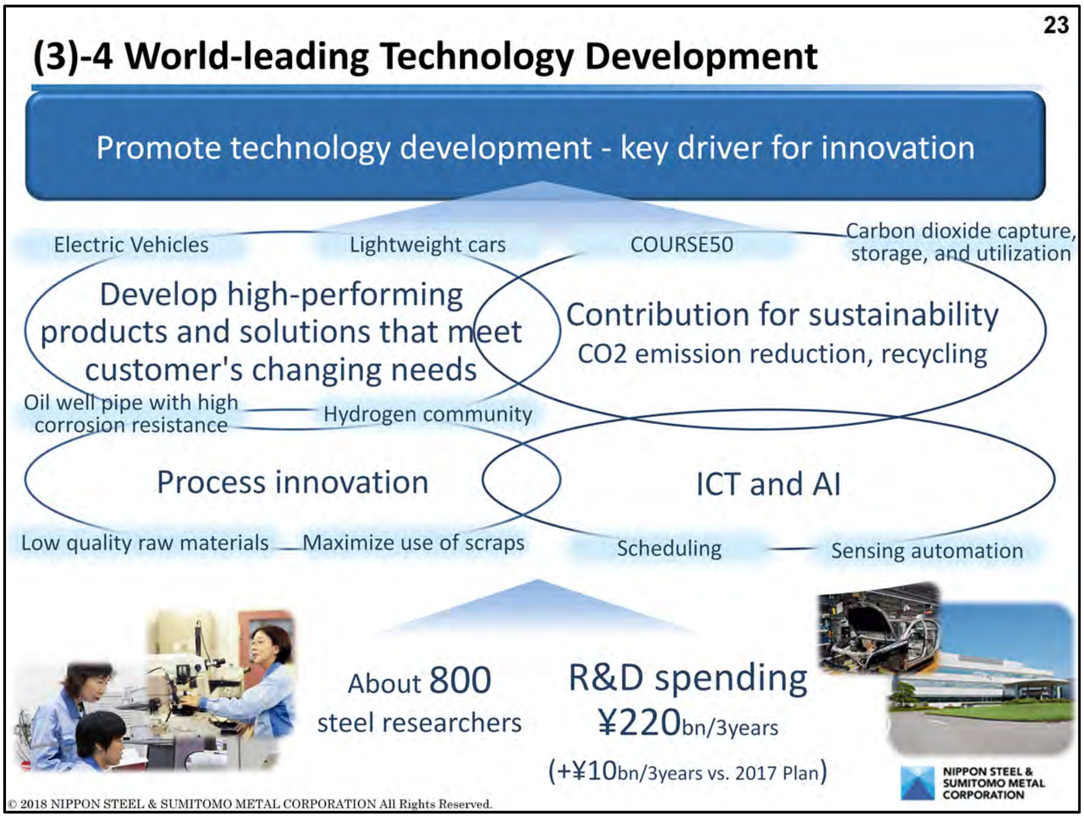
As we have already announced, Yawata Works' advanced continuous caster will start operation in FY2019 and the upstream facilities (the blast furnace and the steelmaking mill in Kokura Area) will cease operation at around the end of FY2020, as scheduled. Kokura's Production of special steel bars and wire rods will be maintained at the current level.

At Wakayama Works, the No. 5 blast furnace has been in operation for 30 years since its blowing-in, the longest in the world, but it will cease operation around the end of FY2018 and production will be switched to the new No. 2 blast furnace, which is currently on standby.
Crude steel production capacity will increase by 500,000 tons per year by switching from the 2,700m^3 No. 5 blast furnace to the new 3,700m^3 No. 2 blast furnace.

In addition, Nippon Steel & Sumikin Shapes Corporation, located within the premise of Wakayama Works will cease operation of its steelmaking mill, electric furnace, and continuous casting facility at around the end of FY2019, and thereafter will be supplied with billets made of hot metal produced at the blast furnace of Wakayama Works.

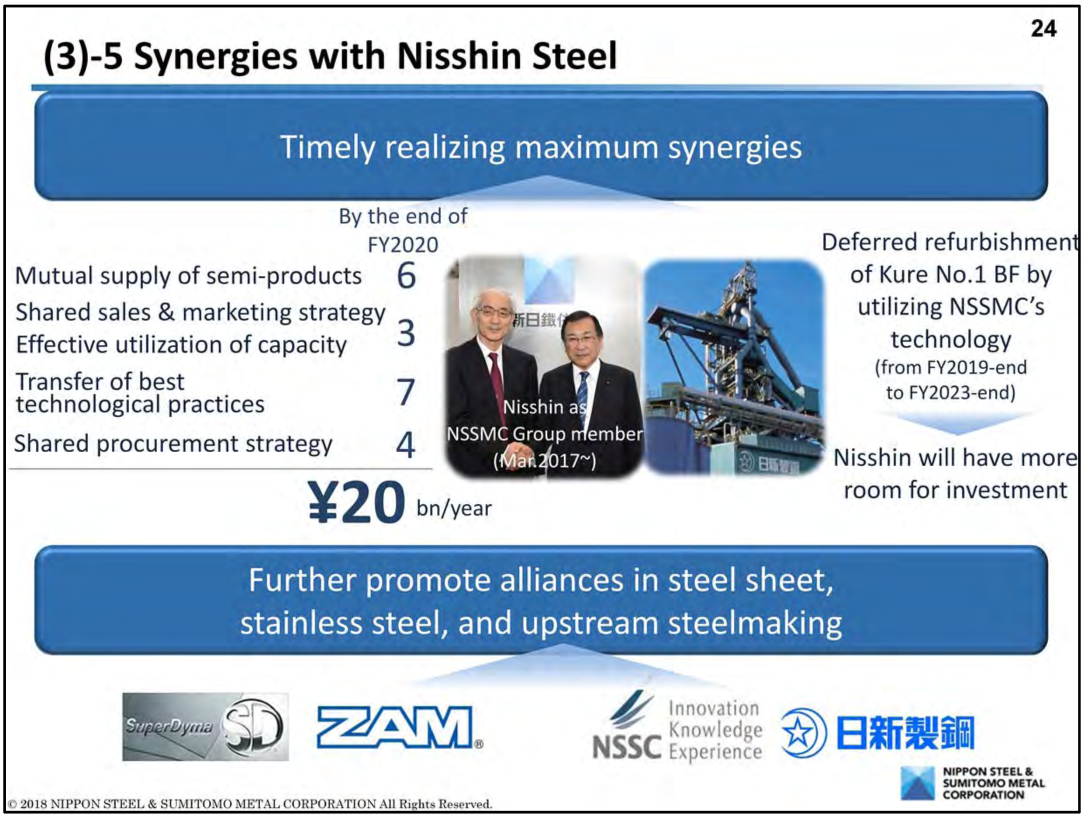
The former Tokyo Works, which was integrated into Kimitsu Works in 2014, has been engaged in production of small-diameter seamless pipes and tubes mainly for piping and mechanical structures, but it will cease operation in around May 2020 and its production will be consolidated to Kainan Area of Wakayama Works.

We will continue to work on building an optimal production network, anticipating changes in the future business environment.



NSSMC will make the best of its R&D operations, which is the largest in scale with about 800 researchers and highest level in quality in the global steel industry.
We will increase the amount of R&D spending by ¥ 10 billion in total over three year term to ¥ 220 billion compared to ¥ 210 billion in the 2017 Plan.
We will prioritize the allocation of the resources based on development themes and work on development according to a road map with clear goals, milestones, and expected returns.

We will focus on four areas for development:
Development of high-performing products and designs and processing technologies that meet the needs of customers;
Development of innovative processes;
Addressing sustainability challenges, such as reducing CO_2 emissions and enhancing recyclability; and
Use of Information and Communication Technology and AI.
We will promote technology development, a key driver for innovation, and continue to be a global leader in technology.



NSSMC and Nisshin Steel Co., Ltd., which became a subsidiary of NSSMC in March 2017, will aim to realize synergies of ¥ 20 billion per year by the end of FY2020.

The refurbishment of the Kure No. 1 blast furnace of Nisshin Steel Co., Ltd. has been deferred from the end of FY2019 to the end of FY2023 by utilizing NSSMC's technology to extend the life of a blast furnace.

In addition, the companies will further expand alliance in steel sheet, stainless steel, among other products, as well as in iron-making.

(3)-6 Engineering Business

Expand profitability of engineering business through collaboration

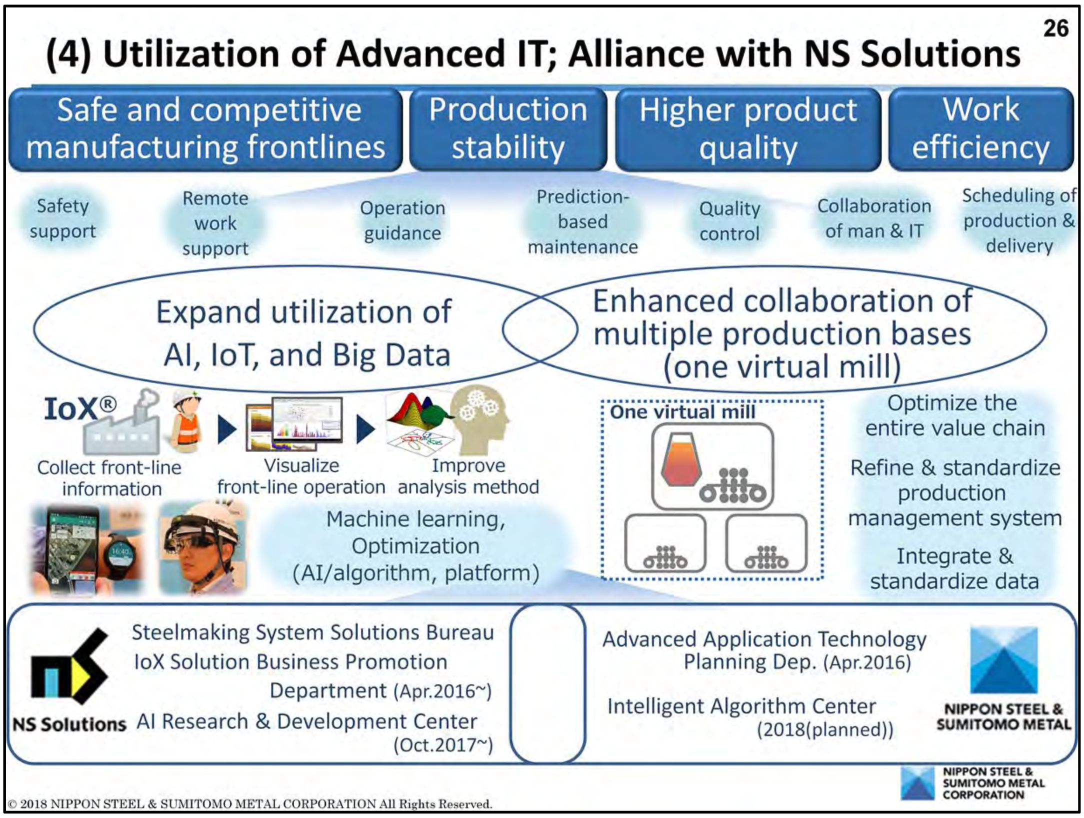
Competitiveness of each businesses

Comprehensive collaboration with Toyo Engineering Corp.

	NIPPON STEEL & SUMIKIN ENGINEERING	TOYO Engineering
Net sales	¥290bn	¥350bn
Current main market	Mainly in Japan	Mainly overseas (overseas : Japan = 8 : 2)
Global strategy	Enhancing businesses in Southeast Asia, India & China, etc.	Advanced global networking with strength in Southeast Asia, India
Expertise	Steel plants, Environmental solutions, Oil and gas, Building construction, etc.	Oil refining, petrochemicals, etc.

Nippon Steel & Sumikin Engineering Co., Ltd. is currently has a relatively low profit level. However the company will work at strengthening the competitiveness of each of its six businesses to capture more demand.

In addition, to pursue synergies through collaboration with companies outside the Group, Nippon Steel & Sumikin Engineering Co., Ltd will work on expanding its profitability through the comprehensive collaboration agreement with Toyo Engineering Corporation executed in December 2017.

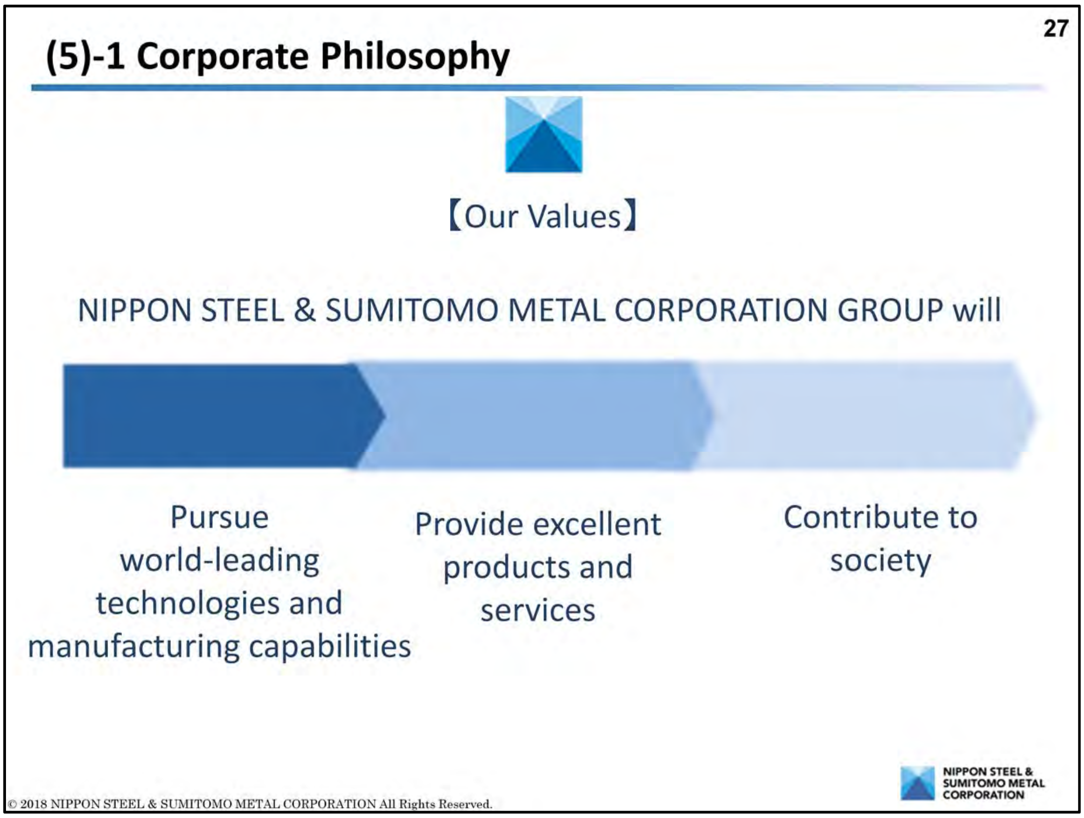


Utilizing IT, which is continuously evolving, is becoming an essential element that determines the competitiveness of a company.

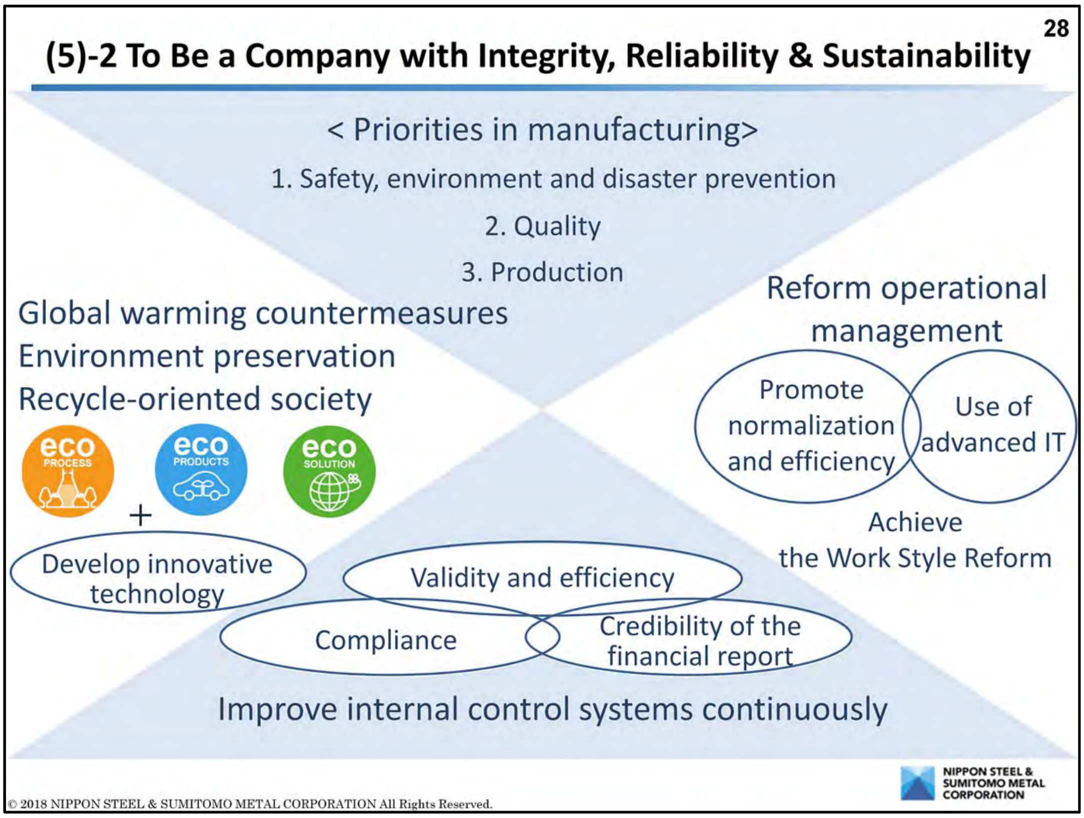
We have the advantage of having NS Solutions Corporation (NSSOL), which is engaged in the system solution business, within our Group.
NSSOL is strengthening its solution proposal capability in the areas of IoT and AI for the benefit of customers through its IoX Solution Business Promotion Department (established in April 2016) and AI Research and Development Center (opened in October 2017).

NSSMC established the Advanced Application Technology Planning Department within the Business Process Innovation Division in April 2016, while NSSMC's Technical Research & Development Bureau and NSSOL are collaborating in considering R&D enhancement based on intelligent algorithms.
By demonstrating our comprehensive capability with these resources, we will aggressively adopt AI, IoT, and Big Data to achieve safety and competitiveness in manufacturing frontlines, stability in production, improvement in product quality, and sophistication in business operations.

Our ultimate vision is one virtual mill.
We aim to adopt advanced IT in each operation and each production basis as well as to enhance collaboration of multiple production bases. By these initiatives, we will make our operating processes and production systems more united and efficient.



The NSSMC Group’s corporate philosophy is to pursue world-leading technologies and manufacturing capabilities and contribute to society by providing excellent products and services.



Our priorities in manufacturing are “safety, the environment, and disaster prevention,” “quality,” and “production” in this order.
We will continuously work at appropriate risk management and implement preventive measures, based on lessons learned from past events and accidents.

By sharing such values, we will implement and appropriately manage internal control systems and strive to continuously improve them in order to comply with laws and regulations and ensure credibility of its financial reporting, as well as the validity and efficiency of its operations.

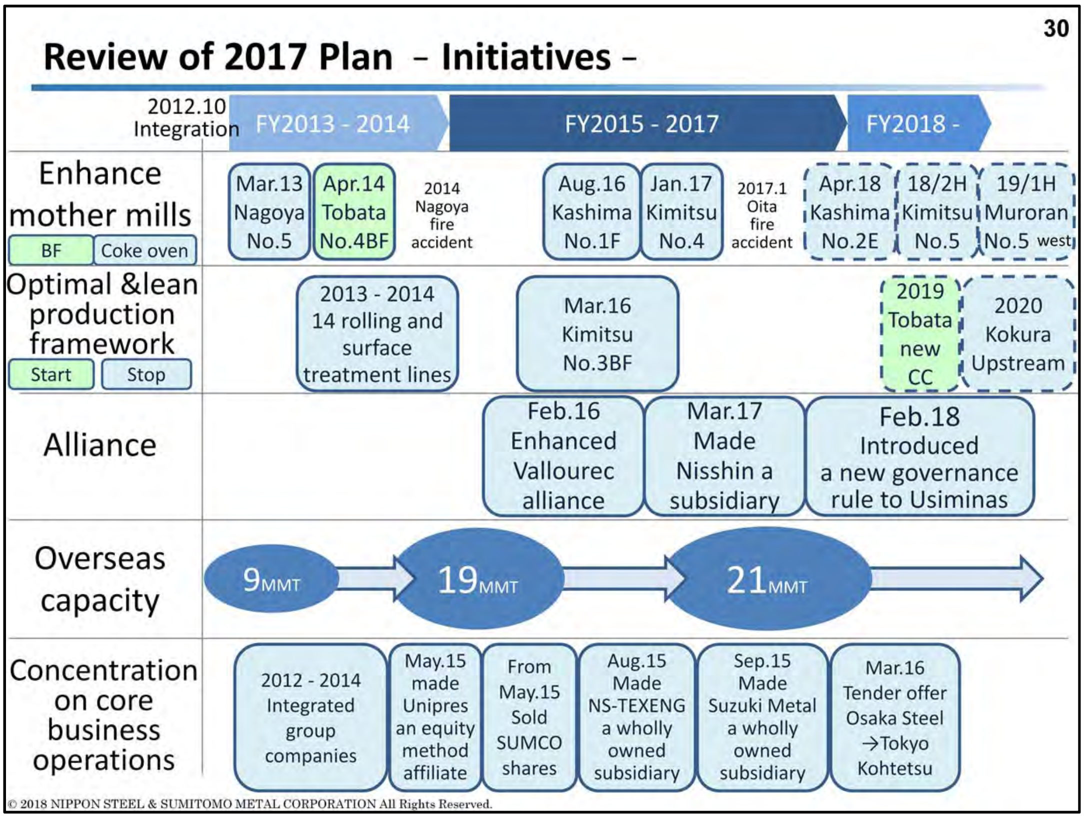
We will achieve the Work Style Reform as endorsed by the Japanese government by standardization of operations and improvement in efficiency of operations as well as further utilization of IT.

The United Nations’ 17 Sustainable Development Goals, or SDGs, include various environment-related targets.
We at NSSMC view the “environment” as one of our fundamental management issues.
We are therefore promoting the implementation of the “three Ecos” and the development of innovative technology.
With “Eco Process,” we aim to lessen environmental impact during production of steel.
With “Eco-Products™,” we aim to provide environmentally-friendly products and contribute to less environmental impact when being used by customers; and
With “Eco Solutions,” we aim to provide our environmental technologies accumulated to date and contribute to environmental issues on a world-wide basis.
From a longer-term viewpoint, we are also working on innovative technology development, including COURSE50, which uses hydrogen reduction technology, and processes of carbon dioxide capture, storage and utilization (CCS, CCU).
We will strive to implement those initiatives in order to be a company with integrity, reliability and sustainability.

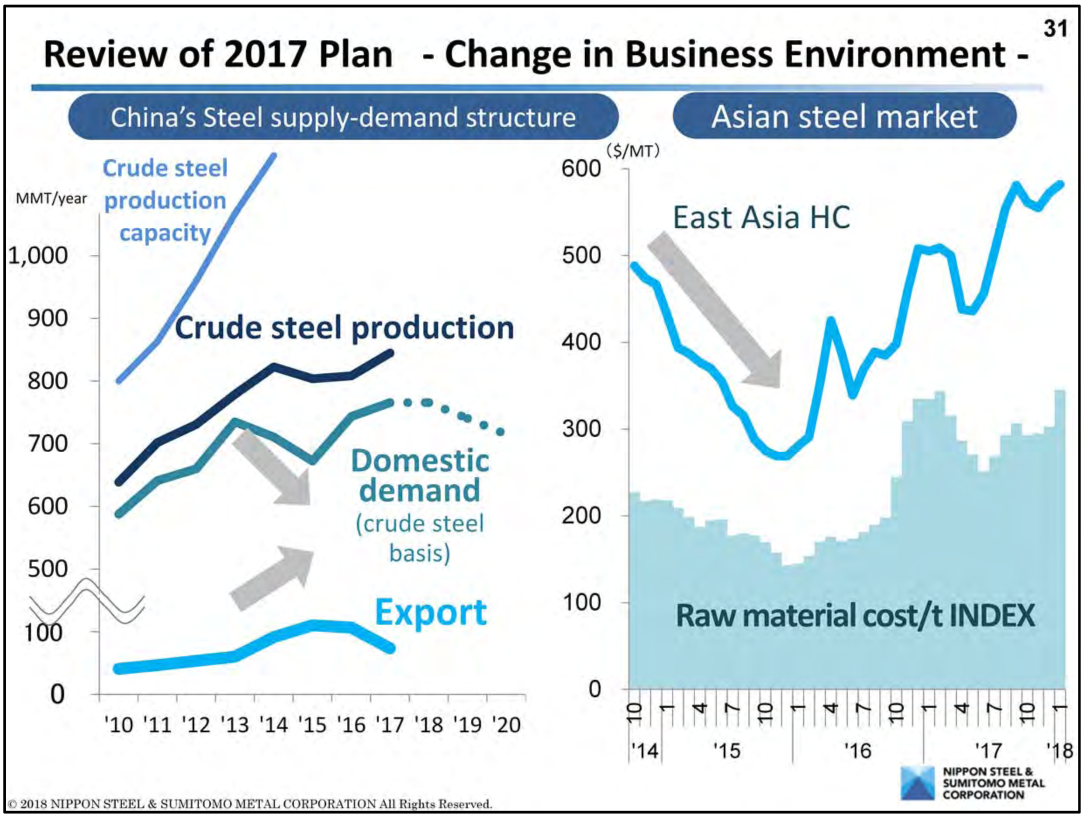
3. Review of 2017 Plan and Targets of 2020 Plan

NIPPON STEEL & SUMITOMO METAL CORPORATION

Lastly, I would like to review our progress under the 2017 Plan and talk about the targets under the 2020 Plan.



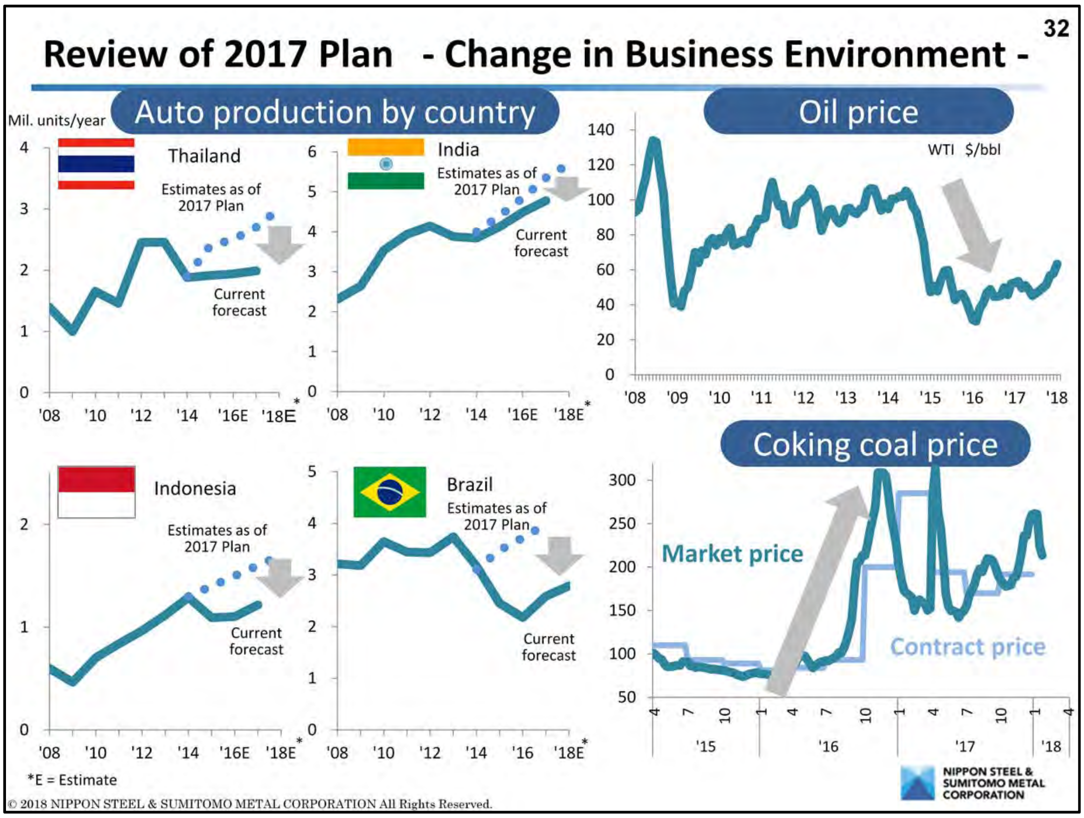
Under the 2017 Plan, we have made steady progress through measures such as strengthening mother mills, establishing an optimal production framework, promoting a global strategy, and consolidating group companies.
Unfortunately, we had power failures and a fire accident in Nagoya Works in 2014 and another fire accident in Oita Works in 2017, which inconvenienced the local communities and our customers.



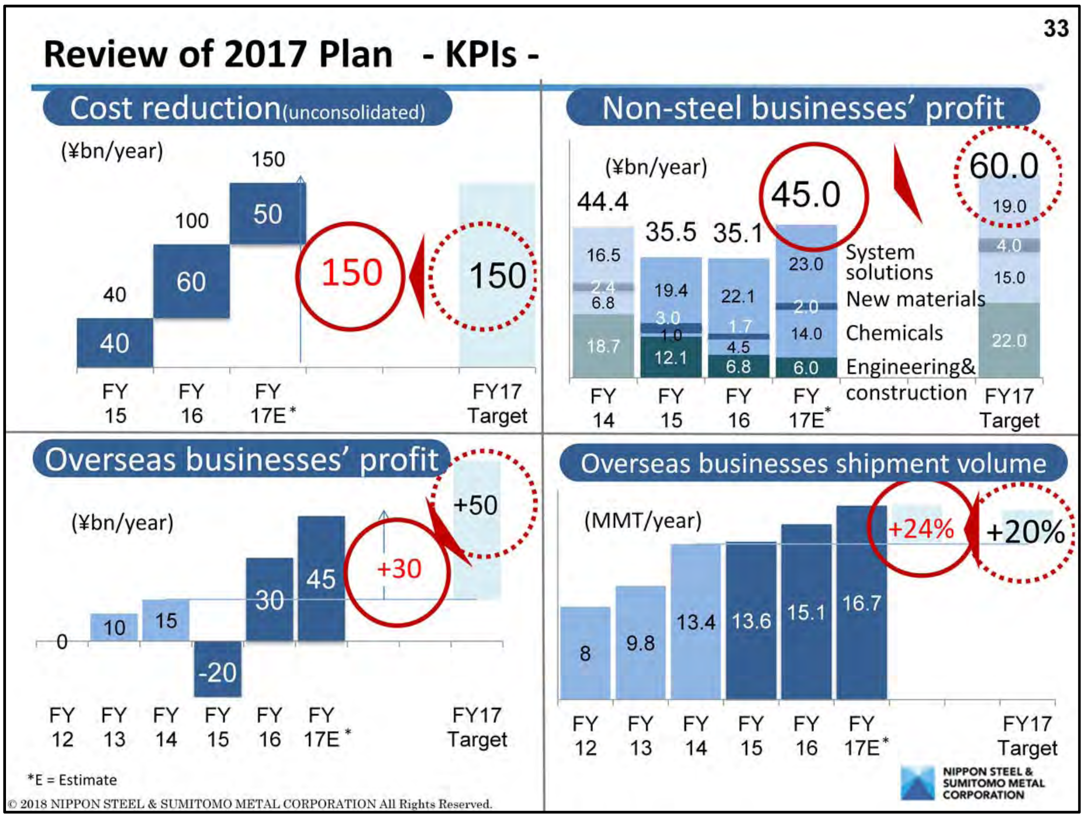
The business environment has also changed substantially from what we had anticipated when we developed the 2017 Plan. Among the biggest changes was a steel supply-demand issue in China.

Demand in China dropped much faster than we had expected and, given its huge excess capacity, Chinese steelmakers exported a large amount of steel, resulting in a slump in the global steel market.

Since 2016, the government in China has been addressing the issue by cutting back capacity and production, while demand has been recovering partly supported by government spendings. As a result, Chinese steel exports are decreasing and the global steel market is recovering.



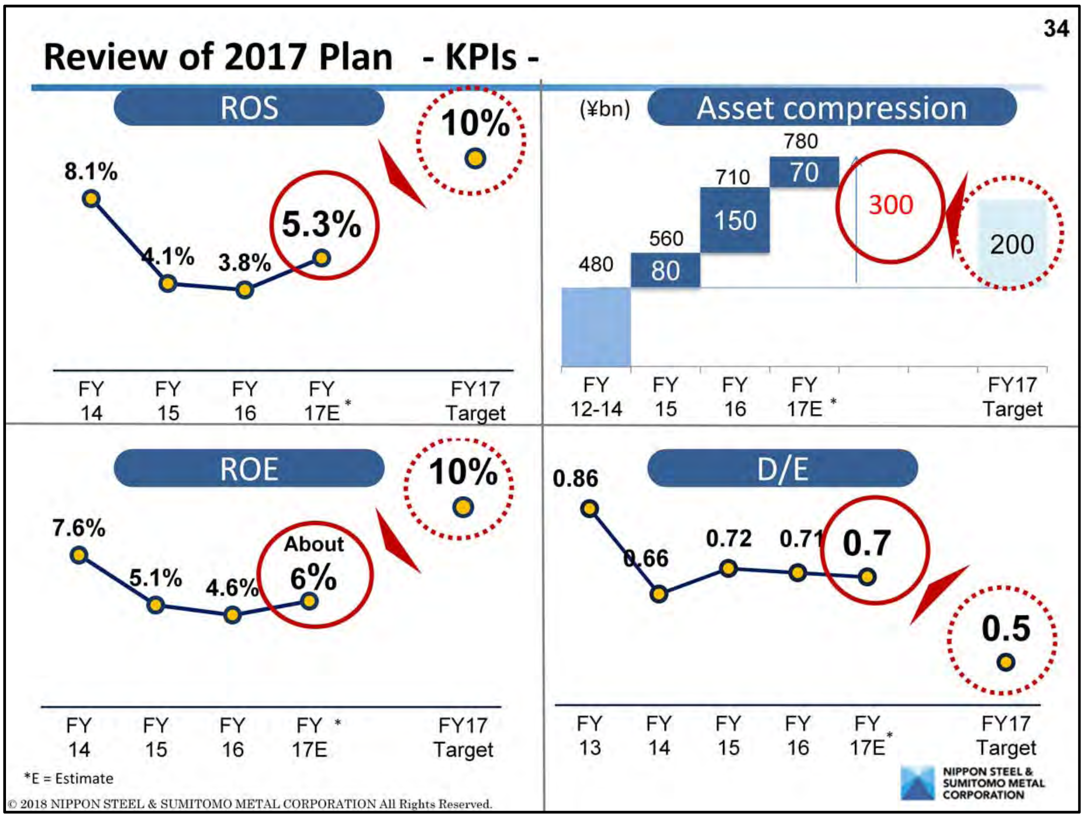
Meanwhile, in some of the Asian countries and Brazil, where we have production bases, the economy has grown at a slower pace than anticipated and particularly growth in automobile production was slower than we had expected in the 2017 Plan.
Noteworthy was the slump of the Brazilian economy.
Although the Brazilian economy is now recovering, the level remains far below what we had anticipated.
A sharp fluctuation in material prices has also affected our business.
Oil prices dropped sharply from around $100 per barrel to around $40 and are now hovering around $60.
It will take quite some time for a recovery in demand and prices for seamless pipe, one of our high-margin products.
In addition, a surge in coal prices from the second half of FY2016 has led to a substantial rise in our costs.



Against the backdrop of these challenges, we have achieved ¥ 150 billion through cost reduction as targeted in the 2017 Plan.

Our overseas production bases are likely to increase profit of around ¥ 30 billion, short of the targeted ¥ 50 billion, partly due to a slowdown in the respective local economies.

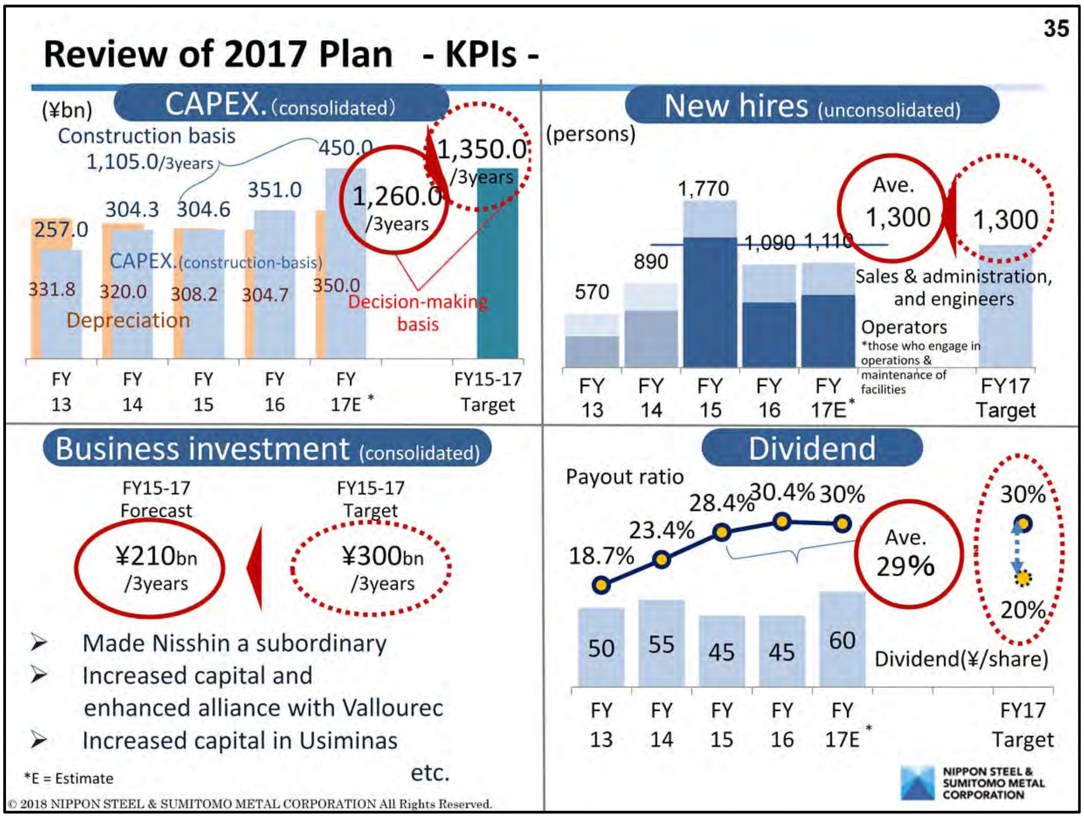
The overall profits of our non-steel businesses are expected to fall far below the target levels.
While the system solution business has reached new record-high profit and exceeding the 2017 Plan profit target, its profit gain is expected to be more than offset by a substantial decrease in the profit of the engineering business, which is suffering from stagnant demand in steelmaking plant and overseas energy sectors.



Other adverse factors include a large production loss caused by equipment trouble and a drop in demand in the energy area.
As a result, we do not expect to achieve the targeted level of 10% in return on sales (ROS) and return on equity (ROE).

On the other hand, we expect to achieve asset compression of ¥ 300 billion, exceeding the target of ¥ 200 billion and reaching ¥ 780 billion on an accumulated basis since the business integration in 2012.

The debt to equity ratio, targeted at about 0.5, is likely to stay at about 0.7 partly due to a decline in operating cash flow and the impact of making Nisshin Steel a subsidiary.



The injection of management resources in capital expenditures, business investments, and hiring has been executed as planned, despite some delay in timing.

Regarding return to shareholders, the payout ratio was targeted at “around 20-30%” and is likely to be around 30% for this fiscal year and around 29% on the three-year average, so the dividends to shareholders have been close to the maximum of the target range.

2020 Mid-Term Management Plan Targets

	2020 Plan targets	FY2015-2017 forecasts	2017 Plan targets
CAPEX. In Japan (consolidated basis)	Approx.¥1,700bn / 3 years	¥1,260bn / 3 years	Approx. ¥1,350bn / 3 years

- ➢ Enhance facilities through the introduction of advanced equipment and maintenance of the soundness of facilities (e.g., relining of blast furnaces and coke ovens)
- ➢ Capture demand in growth areas by strengthening its production capability etc.

	2020 Plan targets	FY2015-2017 forecasts	2017 Plan targets
Business investment (consolidated basis)	Approx.¥600bn / 3 years	¥210bn / 3 years	Approx. ¥300bn / 3 years

- ➢ Growth investment in domestic and overseas businesses to be developed on product, sector, and region bases
- ➢ Interests in raw materials
- ➢ Large-scale M&As etc.

	2020 Plan targets	FY2015-2017 forecasts	2017 Plan targets
R&D spending (consolidated basis)	Approx.¥220bn / 3 years	¥210bn / 3 years	Approx. ¥210bn / 3 years
Number to be newly employed (non-consolidated basis)	Approx. 1,100 / year	Approx. 1,300 / year	Approx. 1,300 / year
Asset compression (consolidated basis)	Approx.¥100bn / 3 years	Approx.¥300bn / 3 years	Approx.¥200bn / 3 years

Targets for the 2020 Plan are as follows.

Capital expenditures in Japan will increase to ¥ 1,700 billion over the three-year term, in order to (a) enhance facilities through the introduction of advanced equipment and maintenance of the soundness of facilities (e.g., relining of blast furnaces and coke ovens) and (b) capture demand in growth areas by strengthening its production capability.

We will implement business investments of around ¥ 600 billion over the three-year term. In addition to growth investment in (a) domestic and overseas businesses to be developed on product, customer sector, and region bases and (b) interests in raw materials, NSSMC will be alert for new opportunities through mergers and acquisitions.

R&D spending will increase by ¥ 10 billion from 2017 Plan to ¥ 220 billion over the three-year term.
We plan to hire about 1,100 employees per year, similar to the 2017 Plan level.

In addition, NSSMC will further advance concentration on core business operations on a group-wide basis and proceed with asset compression (targeting approximately ¥ 100 billion during the three-year term), which will fund part of the growth investment above.

2020 Mid-Term Management Plan Targets

	2020 Plan targets	FY2015-2017 forecasts	2017 Plan targets
Return On Sales*	About 10%	5.3%	10% or more
Return On Equity	About 10%	About 6%	10% or more
Crude Steel Production (non-consolidated basis)	45MMT / year	41MMT / year	–

➢ Stable production, full capacity utilization

	2020 Plan targets	FY2015-2017 forecasts	2017 Plan targets
Cost Reduction (non-consolidated basis)	¥150 bn / year	¥150 bn / year	¥150 bn / year
D/E	About 0.7	About 0.7	About 0.5
Payout Ratio	About 30%	About 29%	Around 20-30%

*Plan to adopt IFRS from the year end of FY2018
Business Profit=Profit before income taxes- net financial cost- additional line items**
**Additional line items is large amount of profits or losses from non-business activities.

We will aim once again to achieve 10% in ROS and ROE, the targets we expect to miss under the 2017 Plan.

To achieve these target, we will also aim to increase crude steel production from the current low level of 41 million tons to around 45 million tons.

And we will also seek to improve costs by ¥ 150 billion over the three-year term. This represents a similar level of improvement to that under the 2017 Plan.

Despite high-level investment, we will maintain a debt to equity ratio of about 0.7 times, which is similar to the current level.

Regarding return to shareholders, our targeted payout ratio has been “around 20-30%” under the 2017 Plan. Our new target payout ratio under the 2020 Plan is around 30%.

In sum, our initiatives in the 2020 Plan initiatives are: forging manufacturing capability; addressing megatrends; and "creating the value of steel." We will contribute to the creation of customers' value, and realization of a sustainable society.
This is our vision of "the best steelmaker with world-leading capabilities."

We will continue to advance towards the best steelmaker with world-leading capabilities and to enhance our corporate value.

I ask for your continued support and understanding.
Thank you.

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.

NIPPON STEEL & SUMITOMO METAL CORPORATION