



News Release

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Nippon Steel Corporation

Message from Eiji Hashimoto, President

Forging Manufacturing Capability, Addressing Megatrends, and Creating the Value of Steel

On April 1, 2019, we began a new chapter as “Nippon Steel Corporation”.

Since October 2012, when the former Nippon Steel and the former Sumitomo Metal Industries merged to become Nippon Steel & Sumitomo Metal Corporation, we have promoted business development aggressively and implemented restructuring in Japan and abroad. Recently, we have made Nippon Steel Nisshin our wholly-owned subsidiary. In the case of Sanyo Special Steel which also became our subsidiary, acquisition of Ovako in Sweden was included in the arrangement. Jointly with ArcelorMittal, we are now engaged in the process of acquiring Essar Steel, an integrated blast furnace steelmaker in India. At this important time, we renamed ourselves as “Nippon Steel Corporation”, as inheriting what biologists call “hybrid vigor,” to move forward and grow in the world market, as a global steelmaker with origins in Japan.

We must appropriately address social and industrial megatrends. This includes our response to structural changes in society and industries, such as rapid progress in advanced information technology, and electrification of automobiles, and autonomous driving. In addition, we must make our contribution to achieving the Sustainable Development Goals (SDGs) – or more specifically, reduction of greenhouse gas, formation of a recycling-oriented society, and other measures aimed at realizing a sustainable society. Even in the midst of such a changing environment, steel remains a basic material with outstanding properties, which cannot be replaced by alternative materials, and will continue to be widely used in society, especially as the global economy continues to grow.

Meanwhile, the balance of supply and demand for steel is drastically affected by a long-term decline in demand in Japan, stemmed from its shrinking population, and by the rising global trend of favoring domestically-produced steel products and promoting protectionism. We must also deal with such structural changes. We at Nippon Steel Corporation re-dedicate ourselves to be the best steelmaker with world-leading capabilities by enhancing competitiveness and achieving corporate value through tireless pursuit of three elements: technological innovation, cost reduction, and global reach. Let me explain four priority issues we are now working on.

The first priority issue is to take all possible measures for a steelmaker related to safety, environment, disaster prevention, quality, and compliance. I believe that the trust afforded by society is the foundation of the existence of a company and is a prerequisite for sustainable growth. Each and every one of us in the Nippon Steel Group pledges to firmly comply with the set rules.

The second issue is to rebuild and reinforce our profit base. Rebuilding our “strength in manufacturing” is critically important. Some of our manufacturing workplaces had operational and equipment troubles, which led to an increase in cost and a drop in production, and have not fully met the expectations of our customers. We must therefore restore stable production as quickly as possible: by establishing a solid manufacturing base, including refurbishing key facilities; by executing practical measures regarding hardware and software, including measures to prevent operational problems; and by thoroughly implementing initiatives to enhance managers’ capability in line management and to strengthen training and development in workplaces.

Next comes the enhancement of our “strength in sales and marketing”. What I mean by “strength in sales and marketing” is the ability to make the value of our products and services merit and be appreciated by our customers thereby allowing us to secure appropriate margins that enable us to sustain business. Our value should include stable supply in an increasingly difficult material purchasing environment as well as in making proposals to help our customers add value and improve productivity. The steel industry plays a critical role upstream in the industrial supply chain and, unless we earn sufficient margin that allows us to keep production at a satisfactorily high level, we may not be able to maintain that role. We will therefore continue efforts for securing margins.

The third priority issue is to expand profit in overseas business. While global steel demand will continue to increase, particularly in emerging countries, the trend favoring domestic-made products and protectionism must be anticipated to accelerate. Against such a background, we will focus on injecting our management resources in markets with high potential demand growth, and in areas where we can make use of our technological and product strength. At the same time, we are committed to expanding earnings power of our overseas business by raising our presence as well as by contributing to the host countries’ shift towards self-sufficiency.

The fourth and last priority issue is to promote business transformation, standardization, and workstyle reforms. Our aim is to establish the working environment in which we can perform our best, partly by aggressively adopting advanced IT tools. This should lead us to become more productive and more competitive, and improve our outcome.

I embrace the expectations of all stakeholders and am absolutely committed to taking the lead and making my utmost efforts so that the Nippon Steel Group, as a vigorous, integrated whole, will achieve growth through enhanced alliances and generation of synergies, earning the trust and credibility from

society as a steelmaker with origins in Japan, increasing corporate value, and expanding the power of our brand. Let me ask for your support and cooperation in our journey to position ourselves surely and firmly as the best steelmaker with world-leading capabilities through speedy decision-making and unfaltering, consistent execution.