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Financial Results for FY2012 (ended March 31, 2013) Investor Meeting

May 10, 2013

Katsuhiko OtaRepresentative Director and Executive Vice President

Nippon Steel & Sumitomo Metal Corporation ("NSSMC")



- 1. Financial Results for FY2012
- 2. Reference

1. Financial Results for FY2012

Overview for 2H, FY2012

Supply and Demand

- Domestic demand: Manufacturing sector, mainly shipbuilders & autos, declined -4% HoH.
 - Construction & civil eng. sector grew +10% HoH.
- Latest global prices began to soften again after a gradual uptrend from early 2013.
- Demand for steel exports: -Stable from ASEAN.
 - -Dwindling from China & South Korea.
- Steel imports began to decrease.

NSSMC's steps toward improvement in performance in 2H, FY2012

- Shipments declined by 0.24 MT HoH and increased by 0.07 MT from the last guidance as of Feb. 14, 2013.
 - Decrease for domestic manufacturing sector
 - Increase for overseas
- The cost reduction was overachieved to ¥32bn.

The merger synergy was in line of ¥10bn.

Continuously, we intend to achieve the synergy target acceleratedly.

Highlights of financial results for 2H, FY2012

- Ordinary Profit: ¥57.3bn
 - (¥+27bn HoH, ¥+17.3bn from the last guidance as of Feb. 14, 2013)
- Special profit: ¥44.0bn
 - ¥18.7bn: Profit on sales of securities as a part of asset compression
 - ¥24.6bn: Reversal of loss valuation of investments in securities due to the stock market recovery over last December
- Net income: ¥52.0bn.
- Year-end dividend of FY12: ¥1.0 per share (Consolidated dividend payout ratio for 2H, FY2012: 17.4%)



Financial Results for FY2012

				NSSMC				Increase or Decrease		Last Guidance
(billion yen)						FY12 *1	FY12	1H/FY12		FY12 *1
	NSC [A]	1H *¹ FY12 [B]	3Q	4Q	2H FY12 [C]	[B+C]	[A+C]	→ 2H/FY12 [B→C]	%	(E) As of Feb. 14, 2013
Net Sales	1,918.2	2,611.8	1,154.4	1,317.2	2,471.6	5,083.5	4,389.9	-140.2	-5%	5,000.0
Operating Profit (Loss)	(2.6)	13.1	(3.3)	26.0	22.7	35.8	20.1	+9.6	+73%	
Ordinary Profit (Loss)	19.5	30.3	12.5	44.8	57.3	87.7	76.9	+27.0	+89%	70.0
Steel	5.4	14.8	3.7	32.4	36.0	50.9	41.5	+21.2	+143%	35.0
Non-Steel	17.6	17.6	12.3	10.6	22.9	40.6	40.6	+5.3	+30%	37.5
Adjustment	(3.5)	(2.1)	(3.5)	1.8	(1.6)	(3.7)	(5.2)	+0.5	-	(2.5)
Special Profit (Loss)	(257.9)	(403.5)	28.9	15.0	44.0	(359.5)	(213.9)	+447.5	-	L
Net Income (Loss)	(176.6)	(310.4)	24.7	27.3	52.0	(258.4)	(124.5)	+362.4	-	
[EPS(yen)]	[-28.1]		[2.7]	[3.0]	[5.7]					
Interest-bearing	4 000 4	0.040.0	0.500.4	1			0.540.0	400.0		

Interest-bearing 1,382.1 2,646.0 2,596.4

2,543.0 -103.0 -4%

Debt-to-equity Ratio

0.85

1.20

1.06

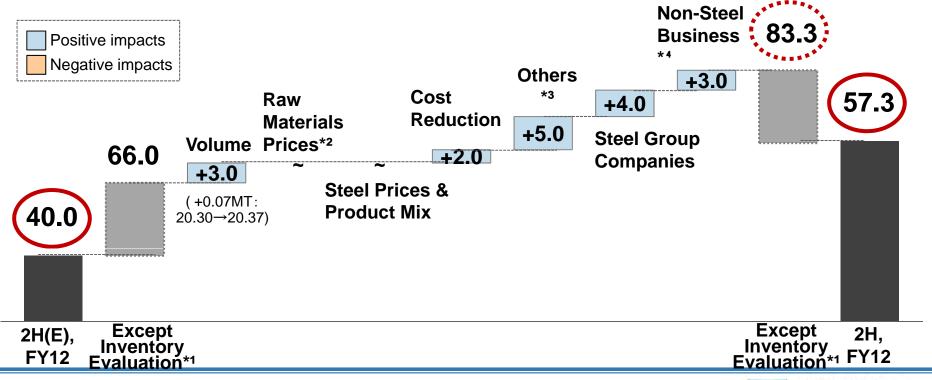


^{*1:} Figures for 1H, FY2012: The total of NSC+SMI

Change in Consolidated Ordinary Profit [2H(E), FY2012→2H, FY2012]

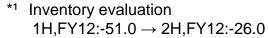
(billion yen)	2H(E), FY12 (as of Feb.14) [A]	2H, FY12 [B]	Increase or Decrease [A→B]
Ordinary Profit(Loss)	40.0	57.3	+17.3
Steel Business	20.0	36.0	+16.0
Non-Steel Business	20.0	22.9	+2.9
Adjustment	0.0	(1.6)	-1.6

- *1 Inventory evaluation 2H(E),FY12:-26.0 → 2H, FY12:-26.0
- *2 Incl. carry over
- *3 Incl. adjustment -1.6
- *4 Engineering+1.7, Chemical+1.6 System Solution-1.1, New Materials +0.5



Change in Consolidated Ordinary Profit [1H, FY2012(NSC+SMI)→2H, FY2012]

(billion yen)	1H, FY12 (NSC+SMI) [A]	2H, FY12 [B]	Decrease or Decrease [A→B]
Ordinary Profit(Loss)	30.3	57.3	+27.0
Steel Business	14.8	36.0	+21.2
Non-Steel Business	17.6	22.9	+5.3
Adjustment	(2.1)	(1.6)	+0.5



- *2 Incl. carry over
- Incl. synergy +10.0
- Incl. adjustment +0.5
- *5 Engineering+2.4, Chemical +2.6, System Solution+0.2, New Materials +0.1
- Kimitsu/No.2 BF repair cost impact +7.0

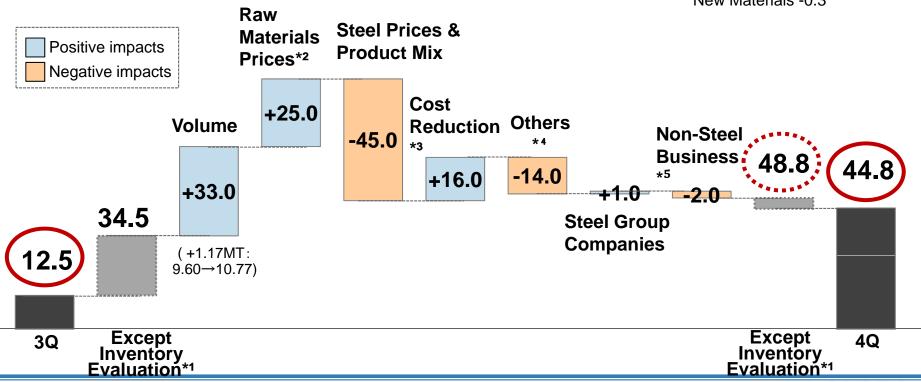




Change in Consolidated Ordinary Profit [3Q, FY2012→4Q, FY2012]

(billion yen)	3Q [A]	4Q [B]	Increase or Decrease [A→B]
Ordinary Profit(Loss)	12.5	44.8	+32.3
Steel Business	3.7	32.4	+28.7
Non-Steel Business	12.3	10.6	-1.7
Adjustment	(3.5)	1.8	+5.3

- *1 Inventory evaluation 3Q:-22.0 → 4Q:-4.0
- *2 Incl. carry over
- *3 Incl. synergy +6.0
- *4 Incl. adjustment +5.3
- *5 Engineering+1.8, Chemical -4.3, System Solution +1.2 New Materials -0.3



Special Profit and Loss

Special profit for 2H, FY2012: ¥44.0bn

- ¥18.7bn: Profit on sales of securities as a part of asset compression
- ¥24.6bn: Reversal of loss valuation of investments in securities due to the stock market recovery over last December
- Cf) Special loss for 1H, FY2012: ¥-257.9bn
 - •¥-139.2bn: Impairment loss of assets for business, mainly in Hirohata/Sakai Works
 - ¥-94.0bn: Loss on sales of securities, mainly due to SMI's shares owned by NSC

	(billion yen)			FY12	
	(billion yen)		1H	2H	(NSC+SMI)
Sp	ecial Profit(Loss)	(213.9)	(257.9)	44.0	(359.5)
3	Special Profit	5.0	-	5.0	5.0
	Restructuring profit	5.0	-	5.0	5.0
5	Special Loss	(218.9)	(257.9)	39.0	(364.5)
	Impairment loss	(132.8)	(139.2)	6.4	(254.8)
	Loss on sales of investments in securities	(75.3)	(94.0)	18.7	(75.3)
	Loss on valuation of investments in securities	-	(24.6)	24.6	(23.6)
	Loss on liquidation of business	(10.8)	-	(10.8)	(10.8

FY12
(NSC+SMI)
(359.5)
5.0
5.0
(364.5)
(254.8)
(75.3)
(23.6)
(10.8)



Overview of Non-Steel Business for FY2012

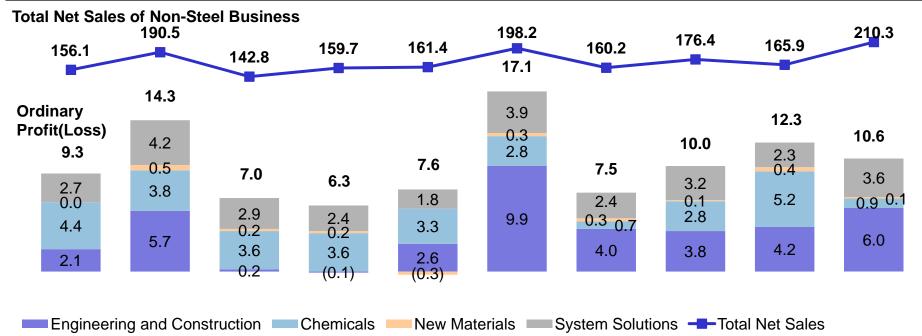
(billion yen) <Forecast as of Feb.14>

	FY12 Results [YoY]	Net Sales	Ordinary Profit	Review				Net Sales	Ordinary Profit
Leading with Determination NIPPON STEEL & SUMIKIN ENGINEERING		303.0	18.1		YoY increase both in sales *1 and profit as a result of cost reduction and risk control			300.0	16.5
	Engineering and Construction	[+54.1]	[+5.4]	about	running projects.				
	PON STEEL & IIKIN CHEMICAL	195.7	9.7	to slug	ecrease both in sale gish sales in coal c anal materials, and a	hemical a	and	185.0	8.0
	Chemicals	[-1.9]	[-3.8]	cost de	espite of margin rec lation and rising be	yen			
The state of the s	N STEEL & IN MATERIALS CO., LTD.	42.2	0.9	YoY increase in ordinary profit due to firm demand for copper wires despite of impacts from slack business and yen				40.0	0.5
,	New Materials	[-12.0]	[+0.3]		iation. ecrease in sales by a old wires to cheape				
NS Solutions	System Solutions	171.9	11.6	mainly	crease both in sales	./distribu	tion/	170.0	12.5
		[+10.4]	[+0.4]		and in business solu ecom. sectors.	utions for	steel		
	Total of New Otral		40.6		*1 Engineering Bus			695.0	37.5
	Total of Non-Steel Business				(bn yen) Order intake	FY11	FY12		
	Dusiliess	[+50.5]	[+2.5]			240	270		
					Backlog of orders	300	300		



Ordinary Profit by Non-Steel Business Segment

(billion yen)	FY10/3Q	4Q	11/1Q	2Q	3Q	4Q	12/1Q	2Q	3Q	4Q
Engineering and Construction	2.1	5.7	0.2	(0.1)	2.6	9.9	4.0	3.8	4.2	6.0
Chemicals	4.4	3.8	3.6	3.6	3.3	2.8	0.7	2.8	5.2	0.9
New Materials	0.0	0.5	0.2	0.2	(0.3)	0.3	0.3	0.1	0.4	0.1
System Solutions	2.7	4.2	2.9	2.4	1.8	3.9	2.4	3.2	2.3	3.6
otal of Ordinary rofit (Loss)	9.3	14.3	7.0	6.3	7.6	17.1	7.5	10.0	12.3	10.6





Consolidated Balance Sheets (Mar.31, 2012 → Mar.31, 2013)

BS as of Mar. 31, 2013: Total Assets ¥7,089.4bn, D/E Ratio 1.06

		FY2011		FY2	2012	Increase or Decrease	
(billion yen)	NSC	SMI	Mar.31	Dec. 31	Mar. 31	YoY	%
[Asset]							
Current Assets	1,703.5	658.0	2,361.5	2,094.3	2,110.7	-250.8	-11%
Fixed Assets	3,221.2	1,728.0	4,949.2	4,720.8	4,978.7	+29.5	+1%
Total Assets	4,924.7	2,386.1	7,310.8	6,815.1	7,089.4	-221.4	-3%
[Liabilities and Net A	ssets]						
Current Liabilities	1,336.2	691.0	2,027.2	1,907.7	1,981.1	-46.1	-2%
Long-term Liabilities	1,241.1	933.6	2,174.7	2,211.0	2,170.0	-4.7	-0%
Total Liabilities	2,577.3	1,624.6	4,202.0	4,118.7	4,151.2	-50.8	-1%
Net Assets	2,347.3	761.4	3,108.8	2,696.3	2,938.2	-170.6	-5%
Equity Capital	1,828.9	709.3		2,164.8	2,394.0		
Interest-bearing Debt	1,334.5	1,172.1	2,506.6	2,596.4	2,543.0	+36.4	+1%
Debt-to-equity Ratio	0.73	1.65		1.20	1.06		

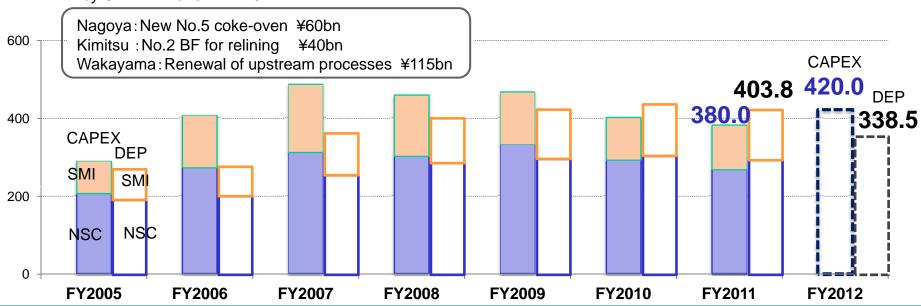
NIPPON STEEL & SUMITOMO METAL CORPORATION

Consolidated CAPEX and Depreciation

(billion yen, consolidated basis)

NSSMC (Upper: NSC Lower: SMI)	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
	285.0	405.0	490.0	460.0	465.0	400.0	380.0	420.0
CAPEX	(205.0)	(270.0)	(310.0)	(300.0)	(330.0)	(290.0)	(265.0)	
	(82.6)	(135.8)	(178.8)	(159.1)	(136.6)	(109.9)	(115.7)	
	258.5	264.7	346.5	383.5	404.8	417.7	403.8	338.5
Depreciation	(183.3)	(192.5)	(244.0)	(273.7)	(284.0)	(291.5)	(280.9)	
	(75.2)	(72.2)	(102.5)	(109.8)	(120.8)	(126.2)	(122.9)	

Key CAPEX Plans in FY2012





Dividend Payout for FY2012

- > We plan to seek the approval of the General Meeting of Shareholders to distribute the following dividend payment.
 - Dividend for FY2012: Year-end ¥1.0 per share (Consolidated dividend payout ratio for 2H, FY2012: 17.4%)

[Background]

- ➤ After the business integration, we generated consolidated net profit for 2H, FY2012 of ¥52.0bn, while we posted consolidated net loss for the full FY2012 due to an impairment loss and other factors.
- > The gradual uptrend in the business climates

[Cash Dividend Policy]

Consolidated dividend payout ratio target :approx. 20%

Factors to be considered to return the profit to shareholders include;

- -capital requirements for investments to raise corporate value,
- our performance forecast,
- consolidated and non-consolidated balance sheets.



FY2013 Forecast

> As of this moment, we are unable to forecast earnings estimates for FY2013.

[Background]

Price negotiations both on raw materials and on steel products with our customers are still ongoing.

➤ We intend to disclose our forecast for FY2013 promptly when reasonable estimates become possible.

Topics



Update of Major Overseas Business Investment

%: N	NSSMC investment ratio	Investment Amount	Major facilities	Production Capacity	FY12	FY13	FY14	FY15
	TENIGAL (Mexico) 49%	Approx. 300 million\$	CGL	0.4million tons/y		*	13/Jul.	
Auto	JCAPCPL: JV with TATA (India) 49%	Approx. ¥ 40 bn	CAPL	0.6million tons/y		*	14/Jan.	
	NSGT (Thailand) 100%	Approx. 300 million\$	CGL	0.36million tons/y		* 1	3/Oct.	
Const-	NSBS: JV with BSL (Singapore, etc.) 50%	554 million\$	CGL, etc	1.40million tons/y-CGL	*	13/End of Mar.	JV Establ	shment
ruction	CSVC (Vietnam) 30%	¥115bn (JV total)	CDCM	1.20million tons/y	*	7 13/Apr.		
Contai- ner	WINSteel (China) 50%	Approx. ¥23bn	ETL, etc	0.80million Tons/y		*	'13/Sep[ec.
	NS Pipe Mexico _(Mexico) 55%	Approx. 39 Million\$	Electric- resistance welded pipe, e	0.024		★ 13/	Jun.	
Pipe & Tube	VSB (Brazil) 40%	5.4bnBRL (VSB's capital)	Seamless Pipe, etc	0.6million tons/y-SML	Ramp	ing up		
	Southern Tube OCTG (USA) 100%	43 million\$	Heat treatment Threading of OCTG, etc.	0.07million tons/y		Production	on comm	FY15 ercial base

[💥] We announced the feasibility study of a JV to manufacture and sell automotive flat steel products in Indonesia.



The Progress of Business Integration among Group Companies

NSSMC intends to advance in business integration among group companies and achieve the synergy target acceleratedly.

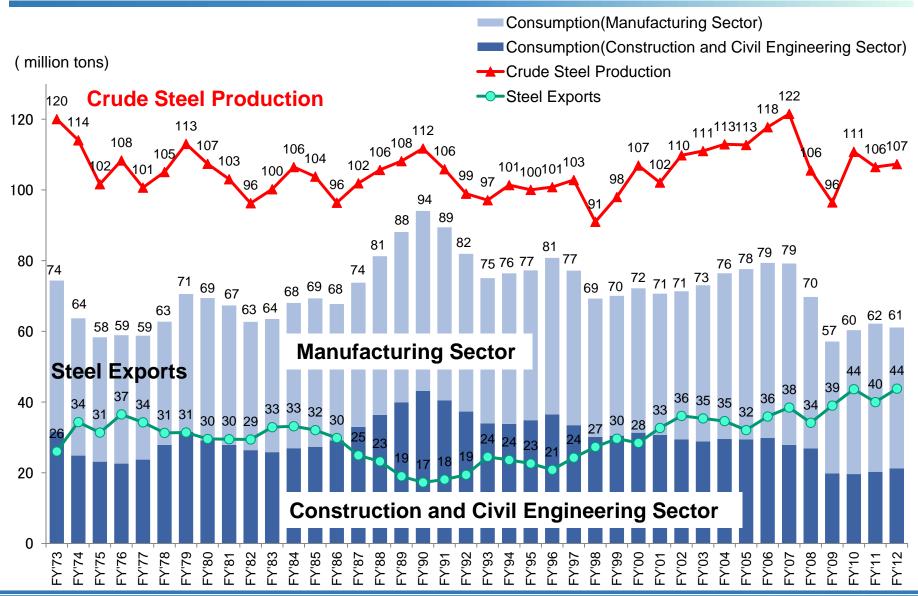
	Release	Merger & Integration Date
■ Welded Pipe Business -Merger	Apr. 26, '13	
➤ Wholly-owned subsidiary -Sumitomo Pipe & Tube		Aug. 01, '13
➤ Merger -Sumitomo Pipe & Tube / Nittetsu Steel Pipe		Oct. 01, '13
■ Trading - Merger	Apr. 26, '13	Oct. 01, '13
➤ The agreement on the consideration of the business integration -Sumikin Bussan / Nippon Steel Trading	Feb. 07, '13	
■ Design/ Construction/ Maintenance - Merger	May 08, '13	Oct. 01, '13
➤ Basic Agreement on the Merger -Taihei Kogyo / Nittetsu Elex	Sep. 28, '12	
<announced business="" integration=""></announced>		
■ Steel Plate Processing Business – Merger	Jan. 18, '13	Apr. 01,'13
■ High-tension Bolt Business – Integration	Nov. 29, '12	Jan. 04,'13
■ Technology Research – Merger	Oct. 03, '12	Apr. 01,'13
■ Bar & Wire Processing Business in Thailand – Merger	Oct. 02, '12	Jan. '13
■ Logistic Services – Integration and Reorganization	Sep. 05, '12	Apr. 01,'13
■ Pipeline Construction - Merger	Jun. 26, '12	Oct. 01, '12

4. Reference



1) Steel Market Data

Domestic Steel Consumption Trend – Long term



Key Indicators of Demand

	FY11			FY	/12			FY13	Increase o	or Decrease
		1Q	1H	3Q	4Q	2H		1Q(E)	FY11→ FY12	4Q/12→ 1Q(E)/13
Housing Starts (million houses)	0.84	0.22	0.44	0.24	0.21	0.45	0.89	0.23	+0.05	+0.02
Non-residential Construction Starts (million m³)	47.52	12.57	25.93	13.19	12.91	26.11	52.03	13.20	+4.51	+0.29
Public Works Orders (bn yen)	6,206	975	3,020	1,812	2,224	4,036	7,056	1,528	+850	-696
Finished Auto Production (million cars)	9.27	2.47	4.91	2.26	2.39	4.65	9.55	2.28	+0.29	-0.11
Finished Auto Exportation (million cars)	4.62	1.22	2.37	1.17	1.13	2.29	4.66	1.25	+0.04	+0.13
Overseas Production (million cars)	13.35	3.95	7.61	3.66	4.05	7.71	15.33		+1.98	
Large & Middle size Shovel Production (thousand units)	78	20	38	17	15	33	71	19	-7	+4
Metal Machine Tool Production (thousand tons)	454	103	214	96	83*1	179	393	89	-61	+6
Keel-laid New Ships (m. gross tons)	17.15	3.60	7.05	3.30	3.15	6.45	13.50	2.80	-3.65	-0.35

Rig Count		CY07	CY08	CY09	CY10	CY11	CY12	The	Latest
US	6A	1,768	1,879	1,089	1,546	1,875	1,919	1,764	(May 3, 2013)
	Deep well (≧15,000ft)	222	283	249	249	395	324	339	(Feb., 2013)
1	ernational (except N. nerica, Russia and China)	1,005	1,079	997	1,094	1,167	1,234	1,268	(Mar., 2013)

(Source: Baker Hughes, Smith international, NSSMC estimates)
All output figures in this presentation are metric tons.

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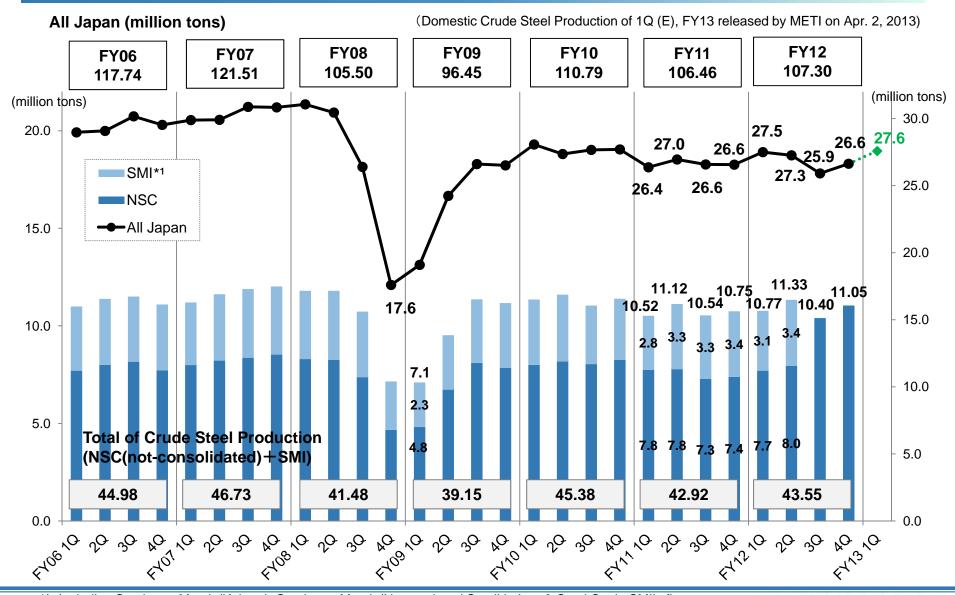


Domestic Steel Consumption by Industrial Sector

		FY11			F	Y12			FY13	Increase or	Decrease
	(Million ton)		1Q	1H	3Q	4Q	2H		1Q(E)	FY11→ FY12	4Q/FY12 → 1Q(E)/FY13
	ude Steel Production Japan	106.46	27.50	54.76	25.91	26.63	52.54	107.30	27.58	+0.84	+0.95
	mestic Steel ensumption (A + B)	62.17	15.29	30.58	15.37	15.30	30.67	61.25	15.09	-0.93	-0.21
	Manufacture's Share (%)	67.4	67.4	66.2	62.8	63.3	63.0	64.6	64.2	-2.8	+0.8
Or	dinary (A)	49.41	12.13	24.33	12.29	12.20	24.49	48.81	11.94	-0.60	-0.26
	Construction	19.18	4.71	9.76	5.41	5.32	10.73	20.49	5.12	+1.31	-0.20
	Manufacturing	30.23	7.42	14.57	6.89	6.87	13.76	28.32	6.82	-1.91	-0.05
	Shipbuilding	5.56	1.16	2.27	1.06	0.99	2.05	4.32	0.91	-1.24	-0.08
	Automotive	11.31	3.03	5.89	2.74	2.89	5.63	11.52	2.83	+0.21	-0.06
	Industrial Machine	5.06	1.22	2.40	1.14	1.08	2.23	4.63	1.15	-0.44	+0.06
	Electric Machine	3.18	0.78	1.54	0.69	0.70	1.39	2.92	0.74	-0.25	+0.04
Sp	ecialty (B)	12.76	3.16	6.26	3.07	3.10	6.18	12.43	3.15	-0.33	+0.05
Ste	eel Imports	6.24	1.46	2.95	1.65	1.32	2.96	5.92		-0.33	
Ste	eel Exports	36.46	9.93	19.92	9.41	10.27	19.68	39.60		+3.14	

(Source : NSSMC estimates) NIPPON STEEL & SUMITOMO METAL CORPORATION

Domestic Crude Steel Production Trend



^{*1} Including Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co. in SMI's figure All output figures in this presentation are metric tons.



Overview of NSSMC's Operation* — ①

		ı	FY11					FY12			Increa Decr	
(million tons)	1H	3Q	4Q	2H	[A]	1H [B]	3Q	4Q	2H [C]	[D]	B→C	A→D
Pig-iron production *2	21.80	10.84	10.70	21.54	43.33	22.13	10.62	11.14	21.76	43.90	-0.37	+0.57
NSC	15.79	7.57	7.41	14.98	30.77	15.79						
SMI	6.01	3.27	3.29	6.56	12.56	6.34						
Consolidated Crude Steel Production	22.81	11.16	11.40	22.56	45.37	23.34	11.01	11.69	22.70	46.03	-0.64	+0.66
NSC	16.61	7.85	7.98	15.83	32.44	16.81						
SMI	6.20	3.31	3.42	6.73	12.93	6.53						
Non-consolidated Crude Steel Production	21.64	10.54	10.75	21.28	42.92	22.10	10.40	11.05	21.45	43.55	-0.66	+0.63
NSC	15.53	7.29	7.39	14.67	30.20	15.66						
SMI	6.11	3.25	3.36	6.61	12.72	6.44						
Steel Shipments	19.80	10.19	10.35	20.53	40.33	20.61	9.60	10.77	20.37	40.97	-0.24	+0.64
NSC	14.68	7.20	7.21	14.41	29.09	14.97						
SMI	5.12	2.99	3.14	6.12	11.24	5.64						
Seamless Pipe Shipments	0.50	0.28	0.28	0.56	1.06	0.53	0.27	0.29	0.55	1.08	+0.02	+0.02

^{*1} Including Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co. in SMI's figure



^{*2} NSC: Including Hokkai Iron & Coke Corporation's pig-iron production
All output figures in this presentation are metric tons.

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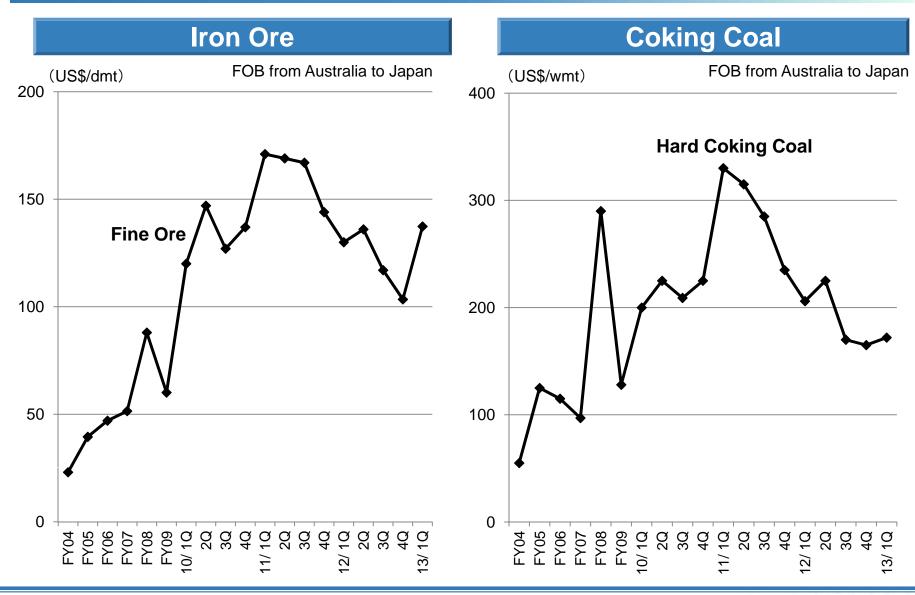
Overview of NSSMC's Operation — 2

			FY11					FY12				Increa Decr	
		1H	2H		1Q	2Q	1H	3Q	4Q	2H		В→С	A→D
				[A]			[B]			[C]	[D]	В⇒С	A→D
Ave	erage Steel Sell	ling Pric	e (thous	and yen	/ ton)								
NS	SMC	92.5	89.5	91.0	84.0	80.8	82.4	78.1	77.4	77.7	80.1	-4.7	-10.9
	NSC	87.8	84.5	86.2	80.0	75.6	77.8						
	SMI	106.0	101.4	103.5	94.7	94.4	94.5						
Ste	eel Export Rat	io (valu	e basis)	(%)									
NS	SMC	42	39	40	43	43	43	43	47	45	44	+2	+4
	NSC	41	37	39	42	42	42						
	SMI	45	42	43	46	45	46						
FO	REX (¥/\$)	80	78	79	81	79	80	80	90	85	82	+5	+3



^{*1} Including Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co. in SMI's figure All output figures in this presentation are metric tons.

Iron Ore & Coking Coal Price Trend





2) Other Market Data

GDP Trend

<Released on Apr. 16, 2013 by IMF>

(): Outlook as of Jan. 23	23. 2013
----------------------------	----------

			2006	2007	2008	2009	2010	2011	2012
W	OI	rld Total	5.1	5.2	3.0	-0.5	5.3	4.0	3.2
	1000000	Developed Countries	3.0	2.7	0.5	-3.4	3.2	1.6	1.2
		USA	2.8	2.1	0.4	-2.6	3.0	1.8	2.2
		EU27	2.8	2.7	0.6	-4.1	1.9	1.4	-0.6
		Japan	2.4	2.3	-1.2	-6.3	4.4	-0.6	2.0
	_	Developing Countries	7.9	8.3	6.1	2.7	7.5	6.4	5.1
		China	11.6	13.0	9.6	9.2	10.4	9.3	7.8
		India	9.8	9.4	7.3	6.8	10.6	7.7	4.0
	E.	ASEAN5*	5.7	6.3	4.7	1.7	7.0	4.5	6.1
		Russia	7.4	8.1	5.6	-7.8	4.3	4.3	3.4
		Brazil	3.8	5.7	5.1	-0.6	7.5	2.7	0.9

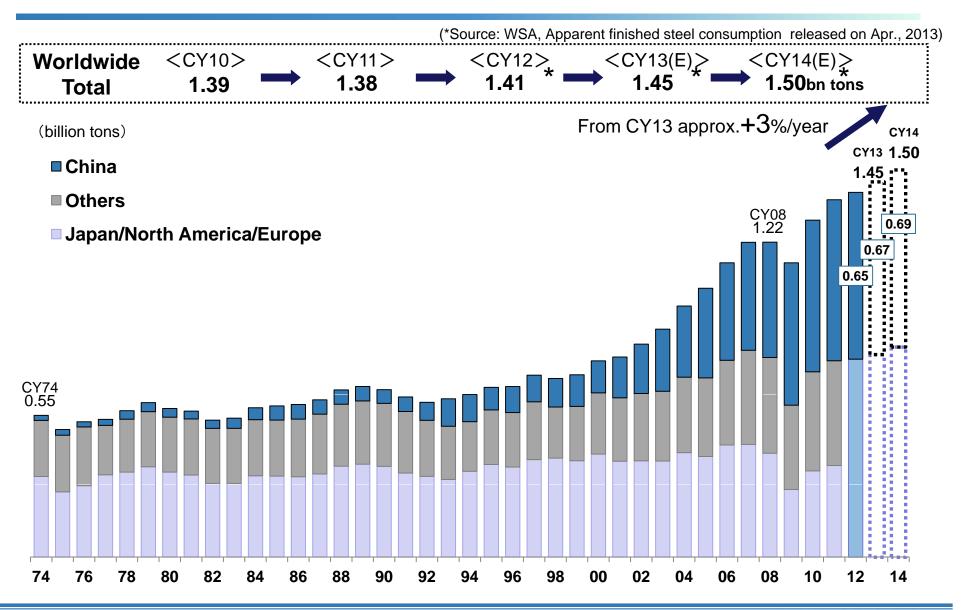
201 outle	_	201 outle	_
(3.5)	3.3	(4.1)	4.0
(1.4)	1.2	(2.3)	2.2
(2.0)	1.9	(3.1)	3.0
(-0.2)	-0.3	(1.1)	1.1
(1.2)	1.6	(0.7)	1.4
(5.5)	5.3	(5.8)	5.7
(8.2)	8.0	(8.5)	8.2
(5.9)	5.7	(6.3)	6.2
(5.5)	5.9	(5.7)	5.5
(3.7)	3.4	(3.8)	3.8
(3.5)	3.0	(3.9)	4.0

*ASEAN 5: Thailand, Malaysia, Indonesia, Philippines, Vietnam All output figures in this presentation are metric tons.

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Worldwide Steel Demand Trend



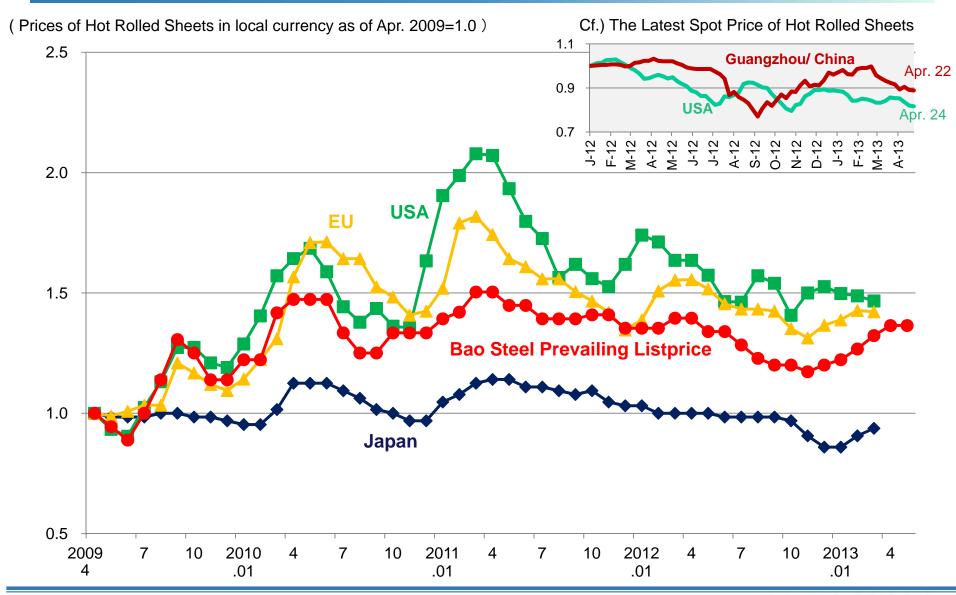


World Crude Steel Production

	CY11		(CY12			CY	13	
(million tons)		10	11	12		1	2	3	1-3
World *1	1,529.2	126.1	121.7	121.3	1,547.8	124.8	123.3	135.0	388.8
Total (YoY)	+6.8%	+1.3%	+5.1%	+2.4%	+1.2%	+0.8%	+1.2%	+1.1%	+2.3%
Japan	107.6	8.8	8.5	8.6	107.2	8.9	8.3	9.4	26.6
(YoY)	-1.8%	-6.7%	-2.3%	+2.0%	-0.4%	+2.7%	-3.4%	+1.3%	+0.2%
Korea	68.5	5.8	5.6	5.8	69.3	5.8	5.0	5.7	16.4
(YoY)	+16.3%	-4.9%	-2.7%	-3.4%	+1.2%	-0.4%	-8.5%	-7.0%	-5.4%
USA	86.4	6.9	6.7	7.1	88.6	7.3	6.7	7.3	21.5
EU27	177.7	14.2	13.5	12.0	169.4	13.5	13.4	14.6	41.2
Russia	68.9	6.4	5.5	5.8	70.6	5.7	5.2	6.0	17.2
Brazil	35.2	3.2	2.8	2.6	34.7	2.6	2.6	2.9	8.3
India	73.6	6.5	6.4	6.6	76.7	6.6	6.2	6.9	19.8
China	694.8	59.1	57.5	57.7	716.5	59.3	61.8	66.3	191.9
(YoY)	+8.8%	+6.0%	+13.7%	+7.7%	+3.1%	+4.6%	+9.8%	+6.6%	+9.1%

QoQ (12/1-3 → 13/1-3)
+8.8
+0.1
-0.9
-1.8
-2.7
-0.9
-0.4
+0.6
+16.0

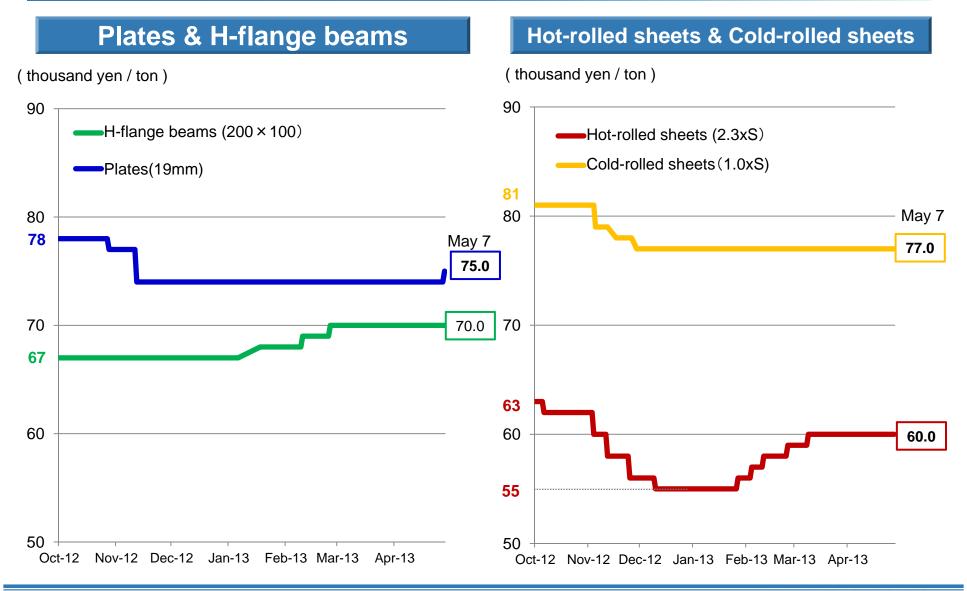
Hot Rolled Sheets Prices by Region



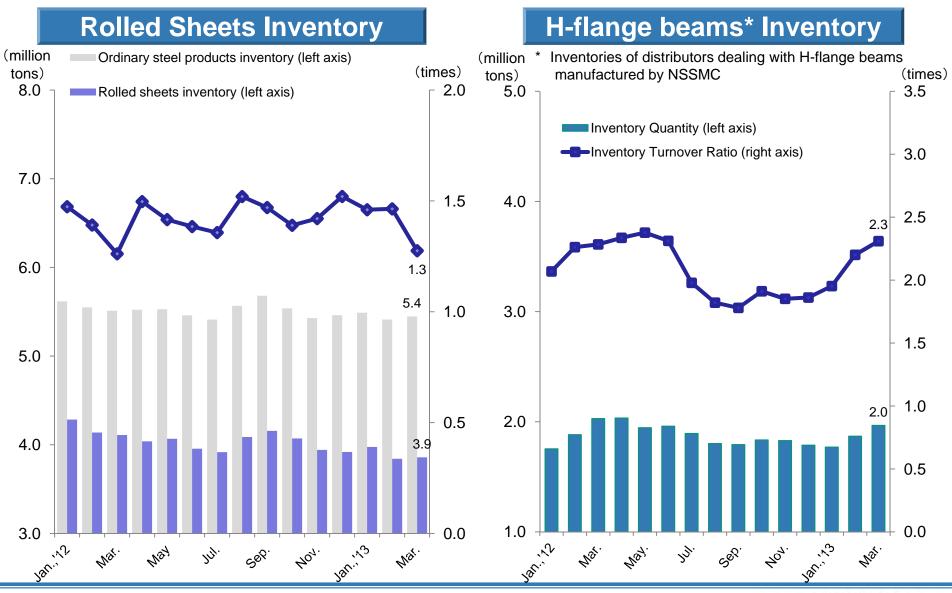
(Source: The Japan Iron and Steel Federation)



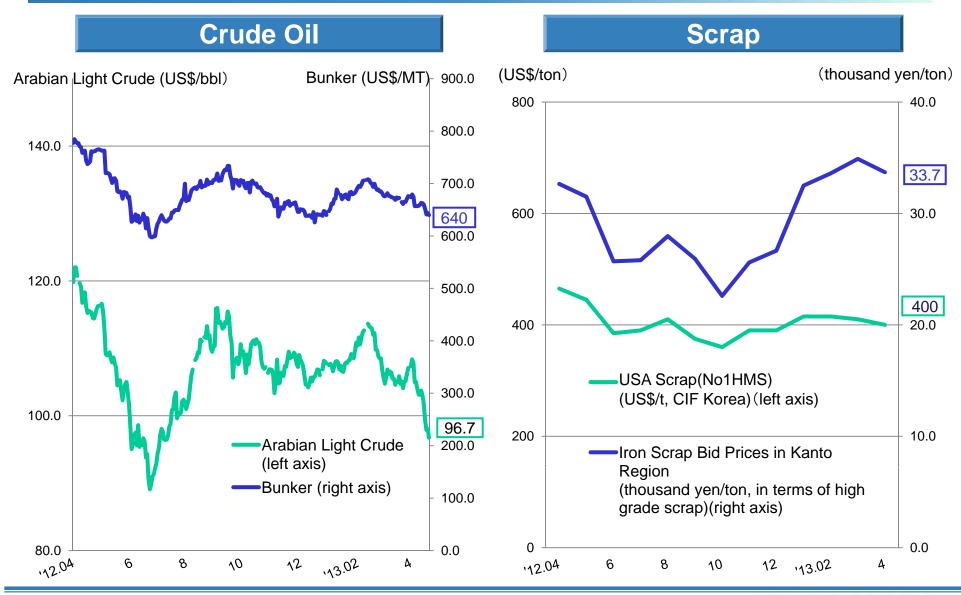
Domestic Steel Products Prices



Domestic Steel Inventory Trend

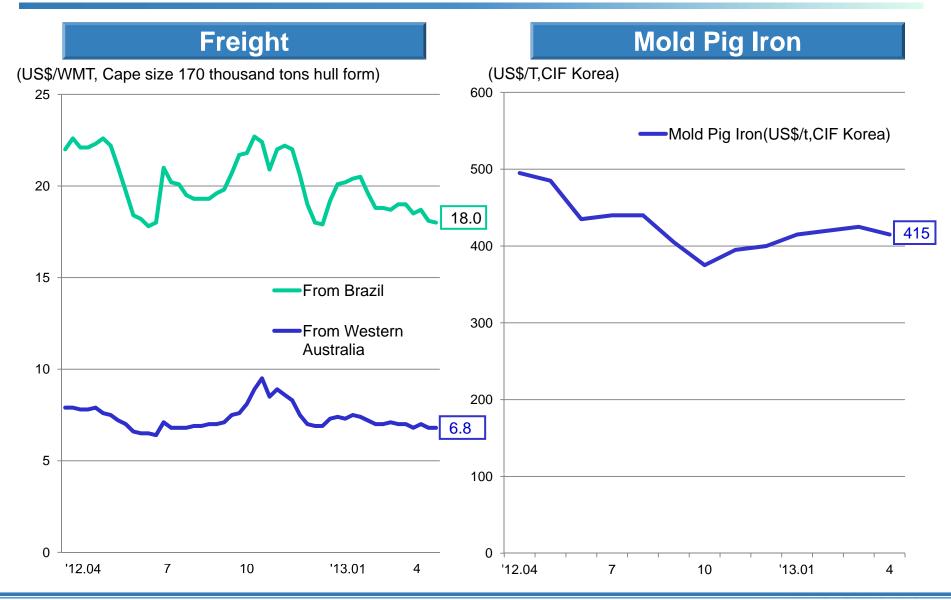


Market Trend < Crude Oil & Scrap>



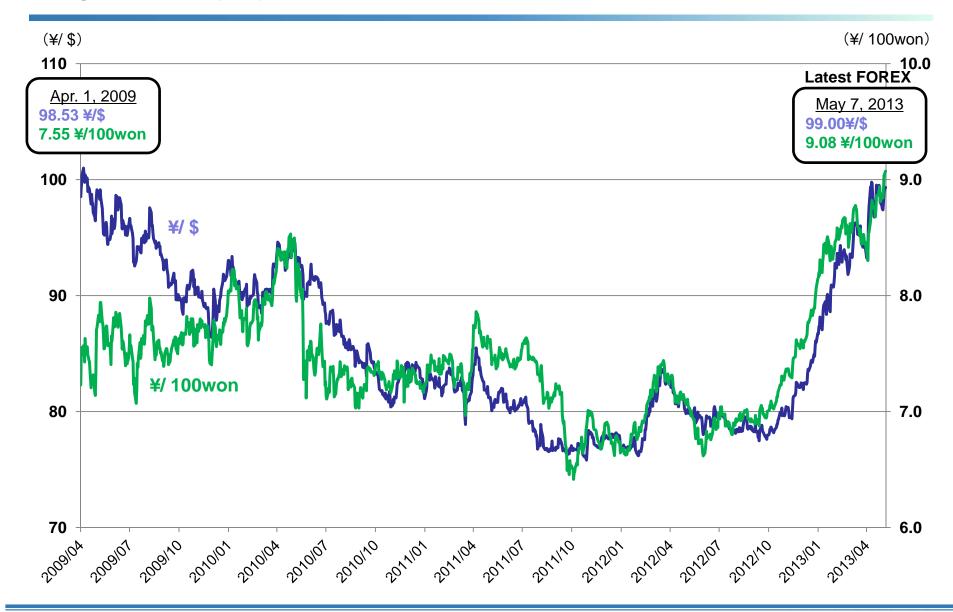


Market Trend <Freight & Mold Pig Iron>





FOREX Trend



3) MID-TERM MANAGEMENT PLAN

(Released on Mar. 13, 2013)

engthening

the

companies

Steelmaking

Building an organization with world-leading competitive strength by 2015

Target ROS of approximately 5% at minimum and further aim at ROS of 10%

Building the world-leading cost competitiveness to win the global competition

Enhancing our technological superiority

Optimizing production network

Promoting the global strategy

NIPPON STEEL & SUMITOMO METAL CORPORATION

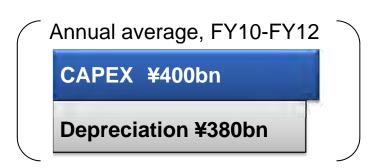
Asset compression and basic policy of capital spending and business investment

Balancing financial improvement and growth investments

At present

At an early stage

- Mathematic in Diraction Diraction Diraction
 D/E ratio: 1.2 ⇒ 1.0
 - ⇒ an A ranking from international credit rating agencies (around 0.8)
- Asset divestitures: approx. ¥300bn within about 3 years from the second half of FY12
- Capital expenditures below depreciation expense: approx. 80% of the depreciation amount



Strategic investment for growth: about ¥100bn/year



Realize synergies of ¥200bn yen per year or more in approximately 3 years

Cost reduction by consolidating technology and R&D

 Use of low-grade raw materials • Promotion of high efficiency in processes • Improvement of rolling efficiency

•High-functioning products •Enhancing development of manufacturing process technologies

Increase in labor productivity

Approx.

¥60_{bn}

Approx.

¥60bn

Establishment of the optimal production network

procurement costs

Reduction in

 Optimization of fixed costs through cessation of operation of facilities · Highly-efficient low-cost operation

- •Optimal allocation of tasks among production lines and Increase in high-functioning products
- Coordination among steelworks
- Avoidance of redundant investment

Raw materials: Improving efficiency in transportation

• Equipment & materials : centralized procurement, bidding, volume discount, etc.

Approx.

¥30bn

Improvement in efficiency of the head office

•Integration and improvement in efficiency of HO and branches in Japan and overseas

•Reduction in general administrative expenses and system development cost

Approx.

¥30_{bn}

Integration and reorganization of and alliances among group companies

- Integration and reorganization of group companies
- Expanding alliances within the group (transportation, processing, equipment, analysis, etc.)

Approx.

¥20bn

Total ¥200bn or more



Cessation of selective operations to optimize fixed costs and realize highly-productive low-cost operation

Upstream process

Kimitsu	· Shift to two-blast-furnace operation (No. 3 blast furnace to cease operation)	End of FY2015
	 Streamlining of No.1 steelmaking plant No. 5 continuous caster to cease operation Shift to one-basic-oxygen-furnace operation (One basic-oxygen-furnace to cease operation) 	1H of FY2014 1Q of FY2016
Wakayama	Postponement of operation of the new No. 2 blast furnace (Two-blast-furnace operation with No. I and No. 5 blast furnaces to continue)	

The number of facilities

Blast Furnace(BF)	14
Basic oxygen furnace	32
Continuous caster	30



13 (End of FY15)
31 (1Q of FY16)
29 (1H of FY14)

Wakayama

Postponement of operation of the new No.2 BF

Two-BF operation No.1 BF(3,700m³) No.5 BF(2,700m³)

Kimitsu

- No.3 BF to cease operation
 - No.3 BF : 4,822m³ <May, 2001~>
- No.5 continuous caster to cease operation
- Shift to one-basic-oxygenfurnace operation



Cessation of selective operations to optimize fixed costs and realize highly-productive low-cost operation

Downstream process

Flat	Kashima	No. 2 continuous pickling line, No. 1 cold strip mill,		
Products		No. 1 continuous annealing line, Batch annealing line	End of the 4Q of FY2014	
		No. 1 continuous galvanizing line, No. 2 electrolytic galvanizing line		
	Wakayama	No. 3 pickling line, No. 1 cold strip mill,		
		Continuous hot-dip galvanizing line	End of the 1Q of FY2014	
		Annealing continuous line (electrical steel sheets)	Eliu di tile 1Q di F12014	
		(Production of high-carbon steel sheets will continue.)		
	Nagoya	No. 4 continuous hot-dip galvanizing line	End of the 1Q of FY2013	
		Electro-galvanizing line	End of the 4Q of FY2014	
	Kimitsu	No. 1 continuous annealing and processing line	End of the 4Q of FY2014	
	Kashima	Rolling – Shift-down	2Q of FY 2013	
	Kimitsu	Rolling – Shift-down		
Pipes and tubes	Kimitsu	Butt welded pipe line	End of the 4Q of FY2013	

The number of facilities	Before the Merger		er	After the Merger		
Cold strip	17		17		15 (as of 4Q, FY14)	
CGL	18		16		13 (as of 4Q, FY14)	
EGL	7		4		2 (as of 4Q, FY14)	
Butt welded pipe line	2		2	_	1(as of 4Q, FY13)	
			<i>P</i>	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	I STATE OF THE STA	



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