# Flash Report Consolidated Basis

# Results for the Third Quarter of Fiscal 2018

(April 1, 2018—December 31, 2018) <under Japanese GAAP>

February 6, 2019

Company name:Nippon Steel & Sumitomo Metal CorporationStock listing:Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges

Code number: 540

URL: <a href="http://www.nssmc.com/en/index.html">http://www.nssmc.com/en/index.html</a>

**Representative:**Kosei Shindo, Representative Director and President
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**Telephone:** +81-3-6867-2130 **Scheduled date to submit Securities Report:** February 13, 2019

Scheduled date to pay dividends:

**Preparation of supplemental explanatory materials:** Yes

**Holding of quarterly financial results meeting:** Yes (for investment analysts)

(Figures of less than ¥1 million have been omitted.)

# 1. Consolidated Financial and Operating Results through the Third Quarter of Fiscal 2018 (April 1, 2018—December 31, 2018)

## (1) Consolidated Operating Results (Accumulated)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales	3	Operating pr	ofit	Ordinary p	rofit	Profit attribute owners of page 1	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Third quarter of Fiscal 2018	4,519,103	8.5	150,717	9.2	253,284	12.3	231,639	48.4
Third quarter of Fiscal 2017	4,164,556	25.0	138,031	122.1	225,484	107.8	156,056	162.7

(For reference) Comprehensive income:

Third quarter of Fiscal 2018

¥ 26,410 million (91.5)%

Third quarter of Fiscal 2017

¥ 310,262 million 368.1%

	Earnings per share	Earnings per share after full dilution	
	Yen	Yen	
Third quarter of Fiscal 2018	262.45	_	
Third quarter of Fiscal 2017	176.81	_	

#### (2) Consolidated Financial Results

	Total assets	Net assets	Ratio of shareholders' equity to total assets
	Millions of yen	Millions of yen	%
Third quarter of Fiscal 2018	7,710,193	3,459,992	40.3
Fiscal 2017	7,526,351	3,515,501	41.8

(For reference) Shareholders' equity:

Third quarter of Fiscal 2018

¥ 3,104,051 million

Fiscal 2017

¥ 3,145,450 million

#### 2. Dividends

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			Dividends per share		
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2017	_	30.00	_	40.00	70.00
Fiscal 2018	_	40.00	_		
Fiscal 2018 (Forecasts)				40.00	80.00

Notes: Whether the dividends forecasts under review have been revised: Yes

## 3. Consolidated Financial Forecasts for Fiscal 2018 (April 1, 2018—March 31, 2019)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Revenue		Business profit	(*)	Profit attributa owners of pa		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2018 (IFRS)	6,200,000	_	330,000	_	230,000	_	258.00

Notes: Whether the consolidated financial forecasts for fiscal 2018 under review have been revised: Yes

For further details, please refer to page 4, "1. Qualitative Information for the Third Quarter of Fiscal 2018 (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts."

As for the consolidated financial forecasts for fiscal 2018 (April 1, 2018—March 31, 2019), Nippon Steel & Sumitomo Metal Corporation (NSSMC or the Company) calculates the figures based on International Financial Reporting Standards(IFRS), as the Company has decided to apply IFRS voluntarily from the consolidated financial statements in the fiscal 2018.

#### [Additional Information]

Consolidated Operating Results (Rough figures based on IFRS) through the Third Quarter of Fiscal 2018(Accumulated) (April 1, 2018—December 31, 2018)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Revenue	ue Business profit (*)		Profit attributable to owners of parent		Earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Third quarter of Fiscal 2018 (IFRS)	4,570,000	_	260,000	_	200,000	_	226.60

(\*)Business Profit on Consolidated Statements of Profit or Loss indicates the results of sustainable business activities, and is an important measure to compare and evaluate the Company's consolidated performance continuously. It is defined as being deducted Cost of sales, Selling general and administrative expenses and Other operating expenses from Revenue, and added Equity in profit of unconsolidated subsidiaries and affiliates and Other operating income. Other operating income and expenses is composed mainly of Dividend income, Foreign exchange gains or losses, Loss on disposal of fixed assets.

#### \* Notes

- (1) Changes in significant subsidiaries during the period: None
- (2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes

Note: For further details, please refer to page 9, "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes on Quarterly Consolidated Financial Statements (Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)."

- (3) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
  - (a) Changes in accounting principles accompanying revisions in accounting standards: Yes
  - (b) Changes other than those in (a) above: None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatements: None

Note: For further details, please refer to page 9, "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes on Quarterly Consolidated Financial Statements (Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements)."

- (4) Number of shares issued (common shares)
  - (a) Number of shares issued at the end of the period (including treasury stock)

Third quarter of Fiscal 2018 950,321,402 shares Fiscal 2017 950,321,402 shares

(b) Number of treasury stock at the end of the period

Third quarter of Fiscal 2018 67,727,862 shares Fiscal 2017 67,710,915 shares

(c) Average number of shares issued during the term (accumulated)

Third quarter of Fiscal 2018 882,602,690 shares Third quarter of Fiscal 2017 882,634,161 shares

(Explanation of the appropriate use of performance forecasts)

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

<sup>\*</sup> This report is not subject to quarterly review by accounting auditor.

<sup>\*</sup> Explanation of the appropriate use of performance forecasts and other related items

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#### 1. Qualitative Information for the Third Quarter of Fiscal 2018

#### (1) Explanation of Operating Results

#### Global and Domestic Economic Conditions in the Third Quarter of Fiscal 2018

The global economy as a whole maintained modest growth. While China's economic growth slowed down, the economy of the United States remained strong and the economies of emerging countries in general remained firm.

The Japanese economy continued to recover moderately, as indicated by further improvements in the employment and income environments and increased capital investment.

#### Operating Results by Business Segment in the Third Quarter of Fiscal 2018

Business segments of the Nippon Steel & Sumitomo Metal Corporation Group (the NSSMC Group) strived to respond to the changing business environment and to improve sales and earnings. An overview of operating results by business segment is shown below.

				(Billions of yen)
	Net S	ales	Ordinary	Profit
	3Q FY2018	3Q FY2017	3Q FY2018	3Q FY2017
Steelmaking and Steel Fabrication	3, 987. 0	3, 699. 8	212. 5	189. 7
Engineering and Construction	253. 7	205. 2	5. 2	4. 8
Chemicals and Materials*	191. 0	179. 4	20. 6	14. 5
System Solutions	187. 2	168. 2	18. 0	14. 7
Total	4, 619. 2	4, 252. 8	256. 4	223. 9
Adjustment	(100. 1)	(88. 3)	(3. 1)	1. 5
Consolidated total	4, 519. 1	4, 164. 5	253. 2	225. 4

<sup>\*</sup> Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd. were integrated into Nippon Steel Chemical & Material Co., Ltd. in October 2018. Therefore the Chemicals segment and the New Materials segment were unified into the Chemicals and Materials segment.

#### **Steelmaking and Steel Fabrication**

In the Steelmaking and Steel Fabrication segment, domestic steel demand remained solid, especially for shipments to the automotive sector, and overseas steel demand as a whole was on a rising trend. In the domestic steel markets, prices were at a generally high level against a background of stable demand, while prices declined in the overseas markets in the third quarter of fiscal 2018, due to uncertainty over China's economic outlook. Amid such operating conditions, although natural disasters, including heavy rainfall and typhoons, as well as a difference in inventory valuation by NSSMC and its Group companies somewhat affected performance, NSSMC continued to work on initiatives to secure appropriate sales prices to maintain continuity in supply. These efforts included adjusting steel product prices to reflect rises in prices of auxiliary materials, such as scrap and alloys, other material procurement costs, and distribution costs. The segment also made steady progress in cost improvement measures. As a result, compared to the same third quarter of fiscal 2017, the Steelmaking and Steel Fabrication segment recorded an increase in net sales to ¥3,987.0 billion, and an increase in ordinary profit to ¥212.5 billion.

#### **Engineering and Construction**

Nippon Steel & Sumikin Engineering Co., Ltd. experienced gradually improving business conditions due to the resumption of capital investments by some overseas steel manufacturers and other factors. In addition, the business environment in Japan surrounding the construction and environment-related sectors remained favorable, and steady progress toward project completions was made due to strict control of project execution. As a result, compared to the same third quarter of fiscal 2017, the Engineering and Construction segment recorded an increase in net sales to \(\frac{1}{2}\)253.7 billion, and an increase in ordinary profit to \(\frac{1}{2}\)5.2 billion.

#### **Chemicals and Materials**

Nippon Steel Chemical & Material Co., Ltd. (which was established in October 2018 following the merger of Nippon Steel & Sumikin Chemical Co., Ltd. and Nippon Steel & Sumikin Materials Co., Ltd.) experienced a high level of market prices for mainstay needle coke in the coal tar chemicals business against a background of tight supply and demand conditions. In the functional materials business, overall sales remained firm based on favorable sales of resists for LCDs and metal foils for suspension materials despite signs of weakness seen in sales of circuit board materials for smartphones and other devices. The composite materials business continued to generate robust sales of both epoxy resins for electronic materials and carbon fiber composite materials for the civil engineering and construction sectors. In the chemicals business, prices for styrene monomer declined against the backdrop of lower crude oil prices and a weakening supply and demand balance. As a result, compared to the same third quarter of fiscal 2017, the Chemicals and Materials segment posted an increase in net sales to ¥191.0 billion, and an increase in ordinary profit to ¥20.6 billion.

#### **System Solutions**

NS Solutions Corporation provides advanced solution services and other comprehensive solutions in the planning, configuration, operation, and maintenance of IT systems for clients in a wide range of business fields. During the period under review, against the backdrop of robust system investments stemming mainly from customers' advanced operational needs, the company's business environment continued to be favorable. In addition, NS Solutions proceeded proactively in developing safe, protective solutions at factories and other work sites that make use of IoT technology, and developed platforms to analyze data based on AI technology. As a result, compared to the same third quarter of fiscal 2017, the System Solutions segment recorded an increase in net sales to ¥187.2 billion, and an increase in ordinary profit to ¥18.0 billion.

#### Sales and Profit for the Third Quarter of Fiscal 2018

# (2) Explanation of Information on Future Estimates, Including Consolidated Earnings Forecasts Consolidated Earnings Forecasts

NSSMC anticipates that the overall global economy will continue to grow moderately despite concerns about a slowdown in China's economy, as the United States is likely to sustain stable economic conditions and the government in China has been focusing on implementing various measures to support its economy.

The Japanese economy is also expected to maintain its recovery, supported by further improvements in the employment and income environments.

In Japan, demand for steel and steel market prices are forecast to remain firm. While overseas steel demand and market conditions are becoming more uncertain mainly due to intensifying US-China trade friction and the slowdown in the Chinese economy, which partly stems from the former, market prices have recently appeared to stop declining and some impacts can be anticipated from the Chinese government's economic stimulus measures. Developments will require close monitoring.

Amid such operating conditions, the consolidated business performance for the full year of fiscal 2018 will be substantially affected by a decline in production and shipment caused by operation and equipment troubles, including deterioration in the No. 5 blast furnace operation at the Wakayama Works, as well as by the decline in overseas steel prices in the third quarter of fiscal 2018. The Company is now expecting business profit of \(\frac{\pmathbf{x}}{330.0}\) billion (based on IFRS), which is \(\frac{\pmathbf{y}}{20.0}\) billion less than the amount forecasted at the second-quarter earnings announcement (November 2, 2018). NSSMC plans to switch from Wakayama's No. 5 blast furnace to No. 2 blast furnace and will strive to ensure the smooth start-up, scheduled to start in the middle of February. NSSMC will continue to maximize group-wide management initiatives through initiatives including (a) implementing measures to stabilize equipment use and operations; (b) securing appropriate sales prices to maintain continuity in supply, which includes adjusting steel product prices to take account of surges in prices of auxiliary materials, such as scrap and alloys, other material procurement costs, and distribution costs; and (c) making steady progress in cost improvement measures.

## Basic Profit Distribution Policy and the Year-End Dividend Distribution

NSSMC's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year, in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on both consolidated and non-consolidated bases. The Company has adopted a consolidated annual payout ratio target of around 30% as the benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results." The level of the first-half dividend is determined based on consideration of interim performance figures and forecasts for the full fiscal year performance.

Regarding the dividend from retained earnings for the end of the fiscal year, the Company had not determined a dividend distribution plan at the second quarter earnings announcement (November 2, 2018). However, in accordance with the policy described above and after giving due consideration to full-year forecasts, the Company now plans to pay a dividend of ¥40 per share (bringing the dividend for the full year to ¥80 per share and representing a consolidated payout ratio of approximately 31% (based on IFRS)).

# 2. Quarterly Consolidated Financial Statements and Main Notes

# (1) Quarterly Consolidated Balance Sheets

		Millions of yen
ASSETS	March 31, 2018	<b>December 31, 2018</b>
Current assets :		
Cash and bank deposits	108,782	133,303
Notes and accounts receivable	678,579	684,135
Inventories	1,380,003	1,513,322
Other	233,902	279,873
Less: Allowance for doubtful accounts	(1,766)	(1,546)
Total current assets	2,399,500	2,609,088
Fixed assets:		
Tangible fixed assets:		
Buildings and structures	759,716	772,163
Machinery, equipment and vehicles	1,131,993	1,194,570
Other	983,250	998,142
	2,874,959	2,964,876
Intangible assets:	84,972	111,636
Investments and others:		
Investments in securities	871,399	668,443
Shares of subsidiaries and affiliates	1,069,688	1,047,722
Net defined benefit assets	116,573	106,319
Other	112,982	206,765
Less: Allowance for doubtful accounts	(3,726)	(4,659)
	2,166,917	2,024,591
Total fixed assets	5,126,850	5,101,104
<b>Total assets</b>	7,526,351	7,710,193

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		Millions of yen
LIABILITIES	March 31, 2018	<b>December 31, 2018</b>
Current liabilities :		
Notes and accounts payable	775,126	805,271
• •	300,632	
Short-term loans payable		312,462
Commercial paper	76,000	211,000
Bonds due within one year	85,700	50,700
Income taxes payable	43,916	47,369
Provision for loss on construction contracts	1,508	3,561
Other	803,197	703,444
Total current liabilities	2,086,080	2,133,809
Long-term liabilities :		
Bonds and notes	209,996	229,999
Long-term loans payable	1,380,660	1,557,483
Allowance and reserve	4,991	4,788
Net defined benefit liabilities	166,152	182,075
Other	162,967	142,044
Total long-term liabilities	1,924,768	2,116,391
Total liabilities	4,010,849	4,250,201
NET ASSETS		
Shareholders' equity:		
Common stock	419,524	419,524
Capital surplus	386,865	384,414
Retained earnings	2,076,769	2,237,734
Less: Treasury stock, at cost	(132,162)	(132,202)
,	2,750,997	2,909,471
Accumulated other comprehensive income:		
Unrealized gains on available-for-sale securities	313,116	180,884
Deferred hedge income (loss)	(2,107)	(2,020)
Unrealized gains on revaluation of land	3,001	2,966
Foreign currency translation adjustments	(4,898)	(54,064)
Remeasurements of defined benefit plans	85,341	66,814
remeasurements of defined benefit plans	394,453	194,580
Non-controlling interests in consolidated subsidiaries	370,050	355,940
Total net assets	3,515,501	3,459,992
Total liabilities and net assets	7 526 351	7.710.193
Total liabilities and net assets	7,526,351	7,710,19

# (2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Operations	<b>TILL</b> 1	Millions of yen
	Third quarter of Fiscal 2017	Third quarter of
Operating revenues :	Fiscal 2017	Fiscal 2018
	4.164.556	4 510 102
Net sales	4,164,556	4,519,103
Cost of sales	3,641,588	3,962,839
Gross profit	522,968	556,264
Selling, general and administrative expenses	384,936	405,547
Operating profit	138,031	150,717
Non-operating profit and loss:		
Non-operating profit :		
Interest income	3,891	4,135
Dividend income	15,574	17,667
Equity in profit of unconsolidated	02.906	105 525
subsidiaries and affiliates	93,896	105,725
Other	29,442	30,368
	142,804	157,897
Non-operating loss :		·
Interest expense	15,486	13,570
Other	39,865	41,759
	55,352	55,329
Ordinary profit	225,484	253,284
Extraordinary profit :	220,101	200,201
Gain on sales of investment in securities	24,572	30,339
Guin on suics of investment in securities	24,572	30,339
Extraordinary loss :	27,372	30,337
Loss on inactive facilities	5,969	
Loss on disaster	3,909	22,349
	- - 200	22,349
Restructuring loss	6,200	
D 01.7 0 4	12,169	22,349
Profit before income taxes	237,887	261,274
Income taxes - current and deferred	62,501	30,037
Profit	175,385	231,237
Profit(loss) attributable to non-controlling interests	19,329	(402)
Profit attributable to owners of parent	156,056	231,639

Quarterly Consolidated Statements of Comprehensive Income		Millions of yer
	Third quarter of Fiscal 2017	Third quarter of Fiscal 2018
Profit	175,385	231,237
Other comprehensive income		
Unrealized gains on available-for-sale securities	96,021	(131,657
Deferred hedge income	(1,111)	(274
Foreign currency translation adjustments	9,290	(25,544
Remeasurements of defined benefit plans	24,869	(18,512
Share of other comprehensive income of affiliates accounted for using equity method	5,805	(28,837
Total other comprehensive income	134,876	(204,826
Comprehensive income	310,262	26,410
(breakdown)		
Comprehensive income attributable to owners of parent	284,116	31,802
Comprehensive income attributable to non-controlling interests	26,146	(5,391)

# (3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

None

(Notes in Case of Significant Changes to Shareholders' Equity)

None

(Adoption of Special Accounting Methods for the Preparation of Quarterly Consolidated Financial Statements)

The Company reasonably estimated the effective tax rate following application of tax-effect accounting on profit before income taxes for the consolidated fiscal year, which includes the quarterly period under

review, and applied this percentage to quarterly profit before income taxes to determine income taxes.

(Changes in Accounting Principles, Changes in Accounting Estimates, and Retrospective Restatements)

At the beginning of the first quarter of fiscal 2018, the Company adopted the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28, February 16, 2018) and "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26, February 16, 2018)

The application of this practical solution had no effect on the quarterly consolidated financial statements for the first half of fiscal 2018.

Nippon Steel & Sumitomo Metal Corporation

Code Number: 5401

Listings: Tokyo, Nagoya, Sapporo and Fukuoka Stock Exchanges

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# **Supplementary Information on the Financial Results** for the Third Quarter of Fiscal 2018

# **Japanese Steel Industry**

#### 1. Crude Steel Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	26.09	25.94	52.04	26.39	26.41	52.80	104.84
2018FY	26.56	25.65	52.22	25.70	(*)Approx.26.31	Approx.52.01	Approx.104.23

(\*)METI forecast

## 2. Inventory Volume

At the	end of:	Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
Jan.	2017	5.60	(148.6)	3.89	0.186
Feb.	2017	5.64	(151.9)	3.88	0.200
Mar.	2017	5.37	(124.8)	3.80	0.201
Apr.	2017	5.54	(151.7)	3.88	0.197
May	2017	5.78	(155.9)	4.09	0.197
June	2017	5.56	(139.9)	4.01	0.193
July	2017	5.42	(142.0)	3.95	0.189
Aug.	2017	5.66	(158.4)	4.14	0.179
Sep.	2017	5.70	(145.4)	4.16	0.182
Oct.	2017	5.83	(150.1)	4.11	0.176
Nov.	2017	5.66	(139.2)	4.00	0.173
Dec.	2017	5.67	(149.2)	4.04	0.175
Jan.	2018	5.86	(157.5)	4.15	0.185
Feb.	2018	5.81	(154.4)	4.12	0.196
Mar.	2018	5.83	(140.8)	4.21	0.200
Apr.	2018	5.79	(145.8)	4.15	0.196
May	2018	5.87	(150.1)	4.34	0.200
June	2018	5.92	(149.3)	4.41	0.207
July	2018	5.68	(143.1)	4.20	0.208
Aug.	2018	6.01	(170.5)	4.39	0.204
Sep.	2018	6.23	(176.6)	4.40	0.198
Oct.	2018	5.87	(132.0)	4.26	0.184
Nov.	2018	5.59	(133.8)	4.14	0.184
Dec. *3	2018	5.71	(149.2)	4.17	0.187

<sup>\*1</sup> Hot-rolled, cold-rolled and coated sheets

<sup>\*2</sup> Inventories of distributors dealing with H-flange beams manufactured by Nippon Steel & Sumitomo Metal Corporation

<sup>\*3</sup> Preliminary report

# **NSSMC**

## 3. Pig Iron Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	9.92	10.13	20.05	10.08	10.49	20.57	40.61
2018FY	10.25	10.24	20.49	10.24	Approx. 10.50	Approx.20.70	Approx.41.20

Including Hokkai Iron & Coke Co., Ltd. and Nippon Steel & Sumikin Koutetsu Wakayama Corporation \*1

## 4. Crude Steel Production

(Consolidated basis (The Company and its consolidated subsidiaries))

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	11.49	11.74	23.23	11.72	12.07	23.79	47.02
2018FY	11.89	11.76	23.65	12.13	Approx.12.40	Approx.24.50	Approx.48.20

## (Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	9.90	10.19	20.09	10.08	10.50	20.58	40.67
2018FY	10.29	10.21	20.50	10.29	Approx.10.50	Approx.20.80	Approx.41.30

Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation \*1

## 5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	9.34	9.39	18.72	9.39	9.67	19.07	37.79
2018FY	9.57	8.99	18.56	9.92	Approx.9.70	Approx.19.60	Approx.38.10

Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation \*1

# 6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	84.0	83.0	83.5	86.0	85.7	85.8	84.7
2018FY	87.2	90.2	88.7	91.5	Approx.90	Approx.90	Approx.89

Weighted average of the Company and Nippon Steel & Sumikin Koutetsu Wakayama Corporation \*1

# 7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	42	41	42	41	41	41	41
2018FY	41	41	41	40	Approx.37	Approx.39	Approx.40

Weighted average of the Company and Nippon Steel & Sumikin Koutetsu Wakayama Corporation \*1

# 8. Foreign Exchange Rate

(¥/\$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2017FY	111	111	111	113	110	111	111
2018FY	108	111	109	113	Approx.110	Approx.112	Approx.111

# 9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
2017FY	411.9	340.7
2018FY *2	Approx.440.0	Approx.420.0

<sup>\*1</sup> Nippon Steel & Sumikin Koutetsu Wakayama Corporation was merged into NSSMC on April 1, 2018.

<sup>\*2</sup> included for impacts of transition to IFRS and other impacts