5401: JP

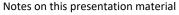
NPSCY: ADR (US)



FY2018 Earnings Summary

May 9th, 2019

NIPPON STEEL CORPORATION



Unless otherwise noted, all volume figures are presented in metric tons Unless otherwise noted, all financial figures are on consolidated basis 1. FY2018 Results

2. Progress in 2020 Mid-Term Management Plan

3. Appendix

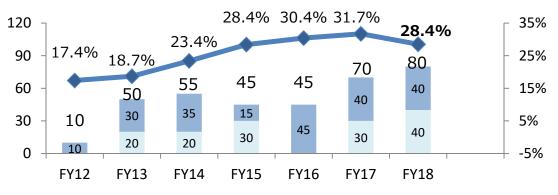
1. FY2018 Results

Financial Highlights					
(JPY bn.)	1H *3	2H *3	FY2018	vs . prev. FY2018(f) ^{*4}	vs . FY2017
Revenue	2,940.0	3,237.9	6,177.9	-22.1	+465.0
Business profit	158.0	178.9	336.9	+6.9	+48.2
Non-consolidated operating profit			25.1		+18.7
Additional line items	(21.0)	(50.7)	(71.8)		
Net Profit ^{*1}	117.0	134.1	251.1	+21.1	+70.3
EBITDA*2	358.0	387.5	745.5	-4.5	+90.2
ROS	5.4%	5.5%	5.5%	+0.1%	+0.4%
ROE			7.9%		+1.9%

Stable production
Cost reduction
Sales price improvement
etc.

Dividend

Year-end dividend JPY40.00/share Full-year dividend JPY80.00/share Consolidated payout ratio 28.4%



^{*1} Profit attributable to owners of the parent *2 Business Profit + Depreciation + Amortization



^{*3} Tentative calculation basis

^{*4} Prev. FY18(f): As of Feb. 6th,2019

FY2018 Topics

■ FY18 Non-consolidated crude steel production (MMT)

Prev. guidance (3Q results on 6th Feb.) approx. **41.30** (4Q(f) approx. 10.50) → **Actual 41.00** (4Q 10.22) **0.3 MMT's** decline due to BF's instability in one of integrated steel mills and accumulation of other troubles.

■ Realignment of special steel business; Completion of making Sanyo Special Steel our subsidiary

28th Feb. – Extraordinary general shareholders' meeting of Sanyo 28th Mar. – Sanyo became our subsidiary & Ovako became Sanyo's wholly-owned subsidiary Nippon Steel, Sanyo Special Steel and Ovako are to integrally promote business operations under the brandmark of "NIPPON STEEL"

■ Essar steel (ESIL)

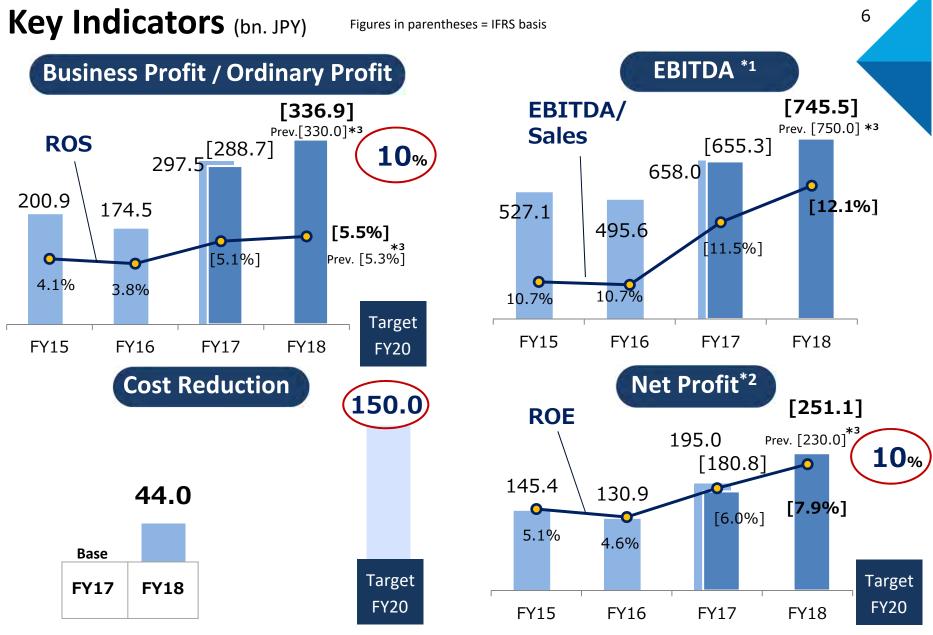
8th Mar. - The Indian National Company Law Tribunal gave a conditional approval to the resolution plan submitted by ArcelorMittal India Private Limited for the joint acquisition of ESIL.

Currently, the way of funds distribution is under examination of National Company Law Appellate Tribunal. Further information will come after the closing.

■ Cash management reinforcement

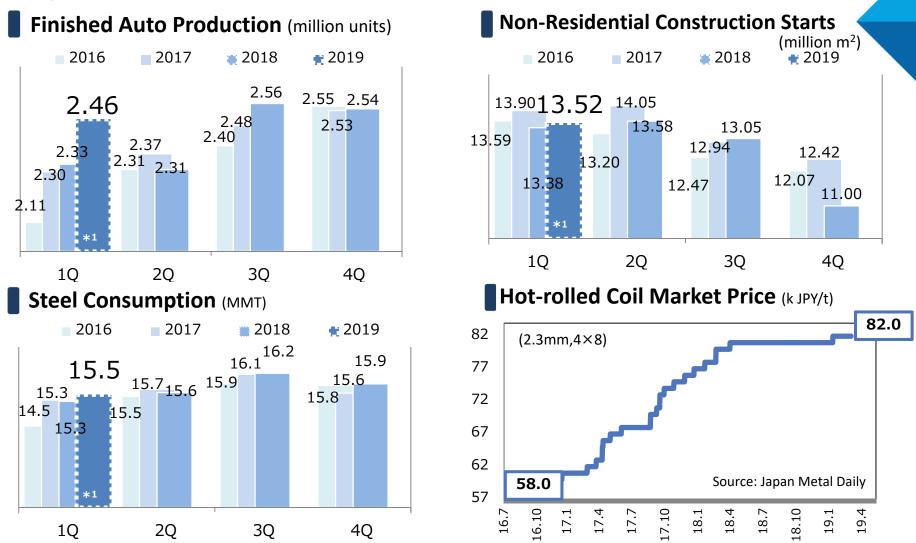
Asset compression : Achieved 2020MTMP's target (100 bn.) 2 years ahead. $+100^2200$ bn. is to be added on top. CAPEX : Pursue efficient fund infusion based on long term refurbishing plan

- Closure of Kashima Works' UO pipe mill & transfer its production to Kimitsu (End of Oct. 2019 (plan))
 Reinforce UO pipe business by establishing lean production framework and targeting the high-end market
- Non-renewal of "Fair Rules for the Acquisition of Substantial Shareholdings" (Takeover Defense Measures for the Protection and Enhancement of Shareholders' Common Interests) Effective term of the Fair Rules expires at the conclusion of the General Meeting of Shareholders to be held in Jun. 2019



- *1 [JGAAP] Ordinary profit + Net finance costs + Depreciation + Amortization , [IFRS] Business Profit + Depreciation + Amortization
- *2 Profit attribute to owners of the parent *3 Prev. FY18(f): As of Feb. 6th,2019

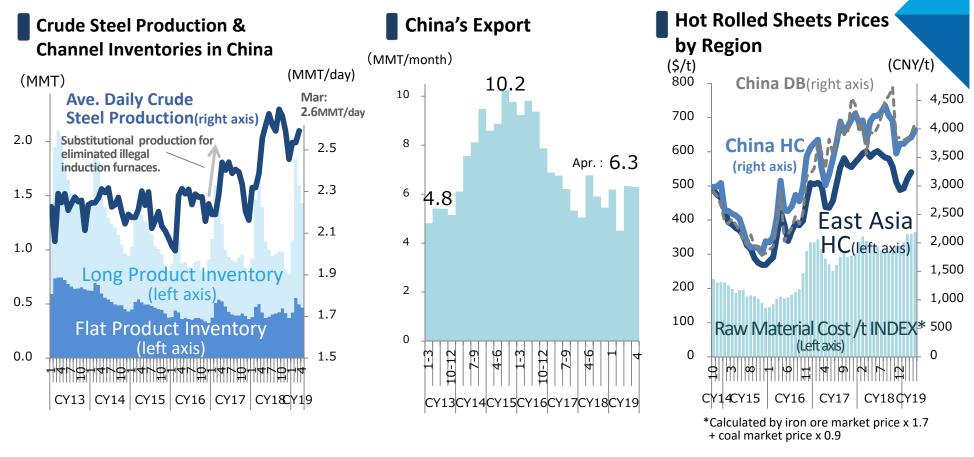




Domestic economy continued moderate recovery supported by further improvements in employment & increase in capital investments. Domestic steel market stayed at relatively high due to robust demand.



China's Steel SD & Market Trend



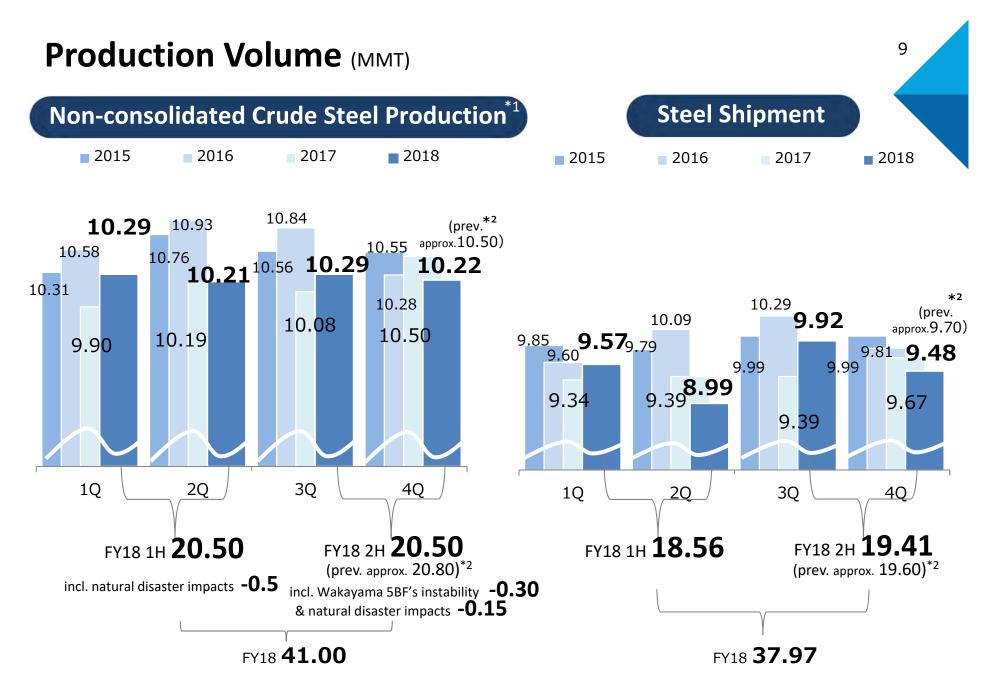
Regardless crude steel production has come back to a high level responding to ending of winter cut regulation, inventory has been declining & export volume remains relatively low.

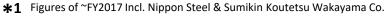
Major indices recorded favorable turn in Mar, suggesting arising steel demand supported by Chinese gov.'s stimulus measures.

Need to keep monitoring impacts from trade war and stimulus measures and how they affect SD situation.

Source: Japan Steel Association, Steel Home, CISA, MYSTEEL, Nippon Steel etc.







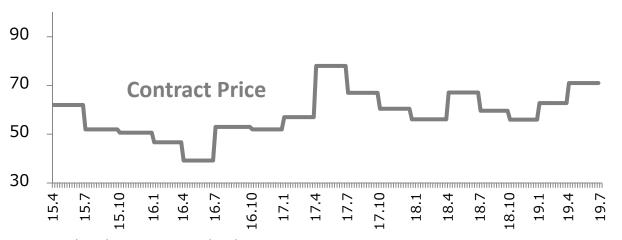
***2** Prev. : As of Feb. 6th,2019

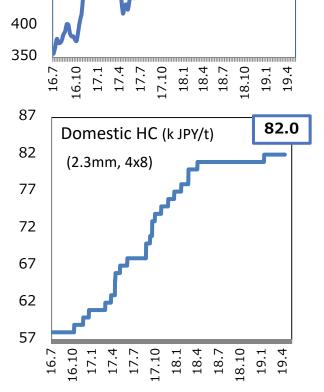
Raw Materials and HC Prices Trend

Hard Coking Coal Price (US\$/wmt)



Fine Iron Ore Price (US\$/dmt)





East Asia HC (US\$/t)

700

650

600

550

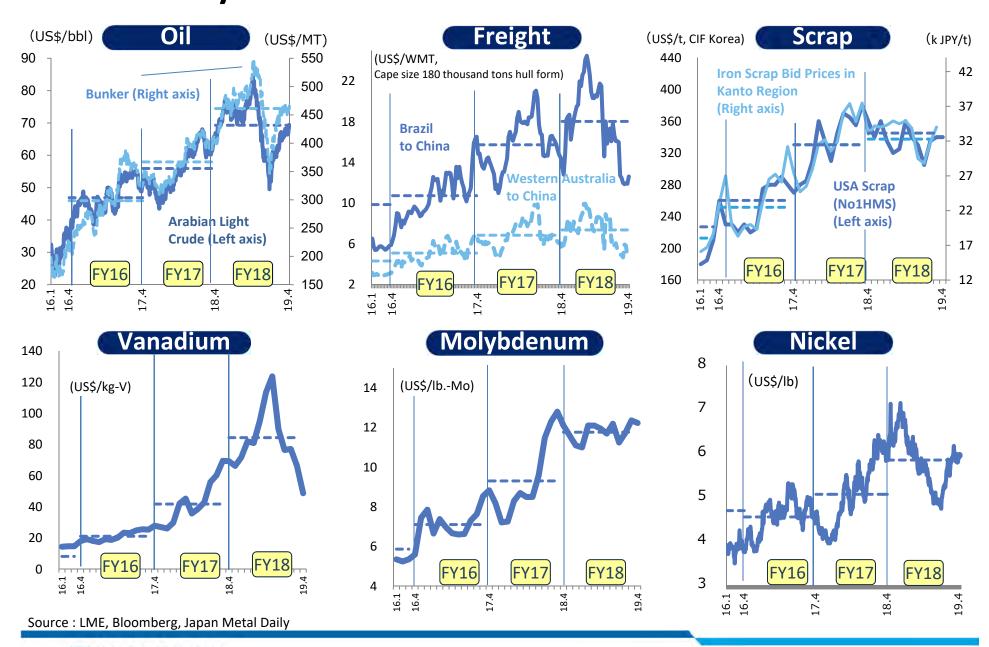
500

450

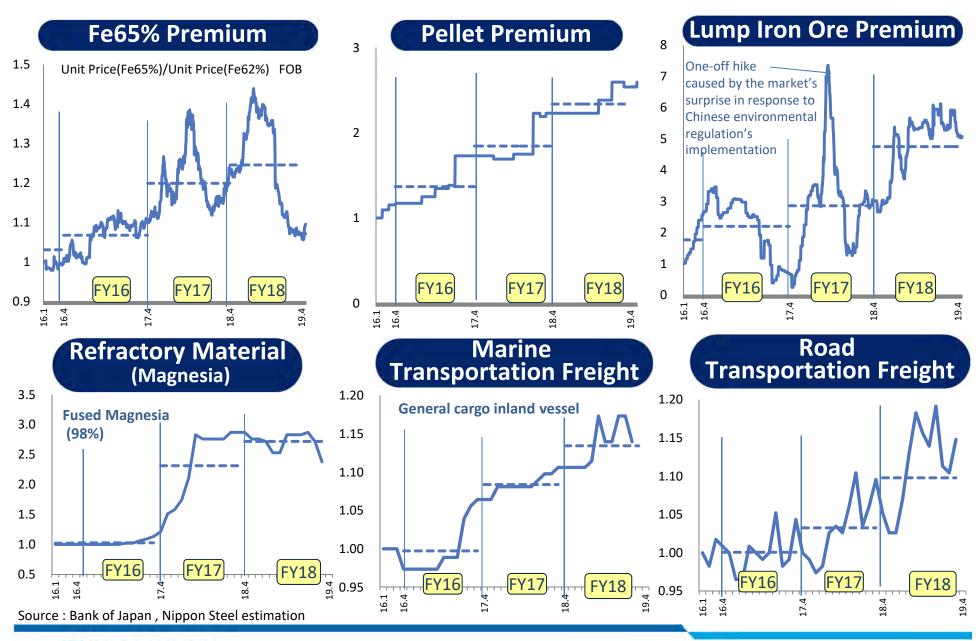
Source: LME, Bloomberg, Japan Metal Daily

Commodity Prices Hike 1

(Dot lines = each fiscal year's average)



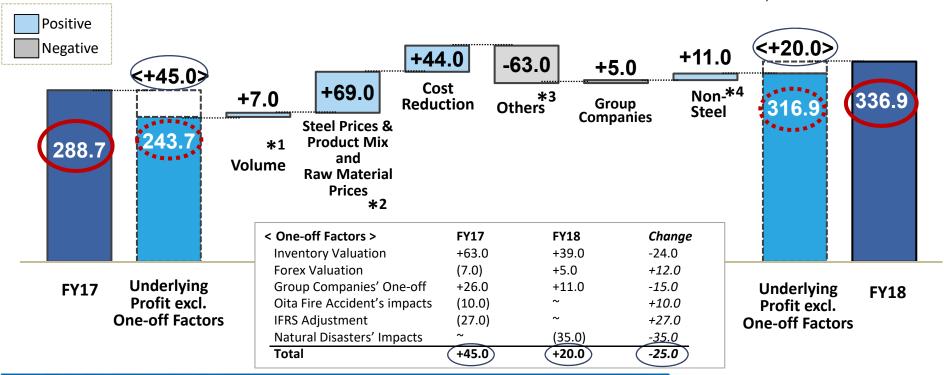
Commodity Prices Hike 2



Business Profit Variance Analysis [FY17 vs. FY18]

(bn. JPY)	FY17 [A]		FY18 [B]		Change [A→B]
Business Profit	288.7		336.9		+48.2
Steel	245.7		274.6		+28.9
Non-Steel	49.8		61.1		+11.3
Adjustment	(6.8)		1.1		+7.9

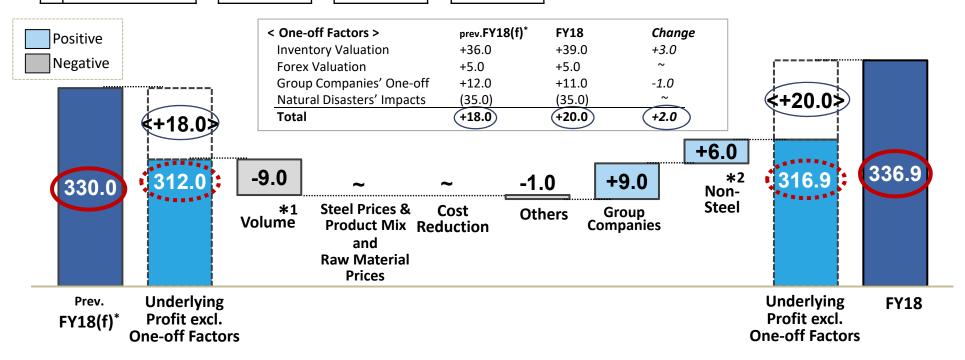
- ***1** Crude steel production: +0.33MMT (40.67→41.00) Steel shipment: +0.18MMT (37.79→37.97) FY17 volume incl. impacts from Oita fire accident, and FY18 volume incl. impacts from natural disasters, but the bridge analysis chart below does not incl. the impacts.
- ***2** Incl. carry over +13.0(-5.0 \rightarrow 8.0)
- *3 Forex flow: -3.0, Increase in depreciation,
 Congested periodic facility maintenances in FY18 1H,
 Reclassification of long-life machinery parts (eg. Mill rolls)
 into fixed assets etc.
- *4 Chemicals & Materials +7.7, NS solutions +3.3



Business Profit Variance Analysis [prev.FY18(f)* vs. FY18]

(bn. JPY)	Prev. FY18(f)* [A]		FY18 [B]		Change [A→B]
Business Profit	330.0		336.9		+6.9
Steel	280.0		274.6		-5.4
Non-Steel	54.5		61.1		+6.6
Adjustment	(4.5)		1.1		+5.6

- ***1** Crude steel production: -0.30MMT (41.30→41.00) Steel shipment: -0.13MMT (38.10→37.97) FY18 volume incl. impacts from natural disasters, but the bridge analysis chart below does not incl. the impacts.
- ***2** Engineering +0.9, Chemicals & Materials +3.0, NS solutions +2.5



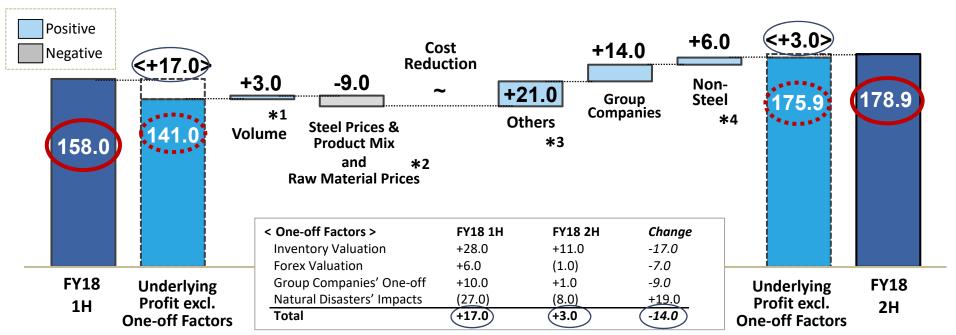
*prev. FY18(f) : As of Feb.6th, 2019



Business Profit Variance Analysis [FY18 1H vs. FY18 2H]

(bn. JPY)	FY18 1H * [A]	FY18 2H * [B]	Change [A→B]
Business Profit	158.0	178.9	+20.9
Steel	132.0	142.6	+10.6
Non-Steel	27.5	33.6	+6.1
Adjustment	(1.5)	2.6	+4.1

- ***1** Crude steel production: ~ MMT(20.50→ 20.50) Steel shipment: +0.84MMT (18.56→19.41) FY18 1H&2H volume incl. impacts from natural disasters, but the bridge analysis chart below does not incl. the impacts.
- ***2** Incl. carry over +10.0(-1.0 \rightarrow 9.0)
- ***3** Forex flow: -2.0, Increase in depreciation, Congested periodic facility maintenances in FY18 1H etc
- ***4** Engineering +3.4, Chemicals & Materials -1.0, NS Solutions +3.5



^{*} Tentative calculation basis



Additional Line Items (JPY bn.)

	1H	4Q	2H	FY18
Additional line items	(21.0)	(49.4)	(50.7)	(71.8)
Losses on natural disaster	(21.0)		(1.3)	(22.3)
Losses from reorganization		(49.4)	(49.4)	(49.4)

Included in other comprehensive income FY18:54.0 bn.

included in business profit

	Cf. FY2017 (JGAAP)	FY17
	Extraordinary Profit (Loss)	(7.6)
	Loss on disasters	_
	Restructuring loss	(6.1)
÷	Gain on sales of investment securities	25.6
H	Loss on inactive facilities	(11.6)
	Impairment loss	(15.6)

Natural disaster's impacts

(Jul. 6 : Heavy rainfall, Sep.4 : Typhoon Jebi (#21), Sep. 6 : Earthquake in Hokkaido,

Sep. 30 : Typhoon Trami (#24))

FY18 1H 2H Total (48.0)(9.3)(57.3)(27.0)(8.0)(35.0)**Business Profit** (27.0)**Nippon Steel** (22.0)(5.0)(5.0)(18.0)(23.0)Shipment (4.0)(4.0)Cost **NIPPON STEEL NISSHIN** (5.0)(3.0)(8.0)Additional line items (21.0)(1.3)(22.3)

Losses from reorganization

- Impairment losses of the assets held by overseas group companies (16.8) bn.
 - Goodwill of the subsidiary in the US that produces & distributes railway wheels and axles
 - · Mining investment owned by the subsidiary in Australia
 - Goodwill of an environmental plant engineering subsidiary in Europe
- Losses on business withdrawals (17.4) bn.
- Loss on retirement and abandonment (Wakayama #5 BF) (15.1)bn.

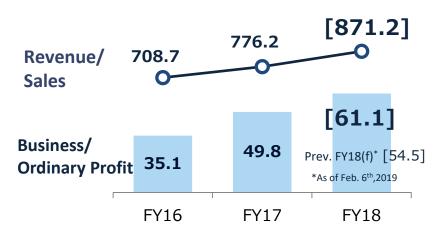
^{*}The recovery of in-plant power generation in NIPPON STEEL NISSHIN's Kure Works etc.

Non-Steel Businesses (bn. JPY)

Revenue & Business Profit

(3 Non-steel businesses total)

Figures in parentheses = IFRS basis



Change in Business Profit (FY18 vs. FY17)

Engineering & Construction



Robust domestic order and strict control of project execution led to profit increase.

Chemicals & Materials



Profit increased due to needle coke's price improvement despite of decline in revenue of functional material business.

System Solutions



Both service & operational solution businesses performed well. Profit increased despite of SG&A increase.

Engineering &	*	*		
Construction	FY2016	FY2017	FY2018	vs. prev. FY18(f)
Revenue	267.5	294.2	356.7	-3.3
Business Profit	6.8	9.1	9.4	+0.9

	Chemicals &	FY2016	* FY2017	FY2018	
	Materials	1 12010	112017	1 12010	vs. prev. FY18(f)
	Chemicals	174.2	200.7		
	Materials	34.5	37.0		
	Revenue	208.7	237.8	247.0	-3.0
ľ	Chemicals	4.5	15.4		
	Materials	1.7	1.9		
	Business Profit	6.3	17.3	25.0	+3.0

System	* FV2016	* FV2017	FV2040	
Solutions	FY2016	FY2017	FY2018	vs. prev. FY18(f)
Revenue	232.5	244.2	267.5	+9.5
Business Profit	22.1	23.2	26.5	+2.5

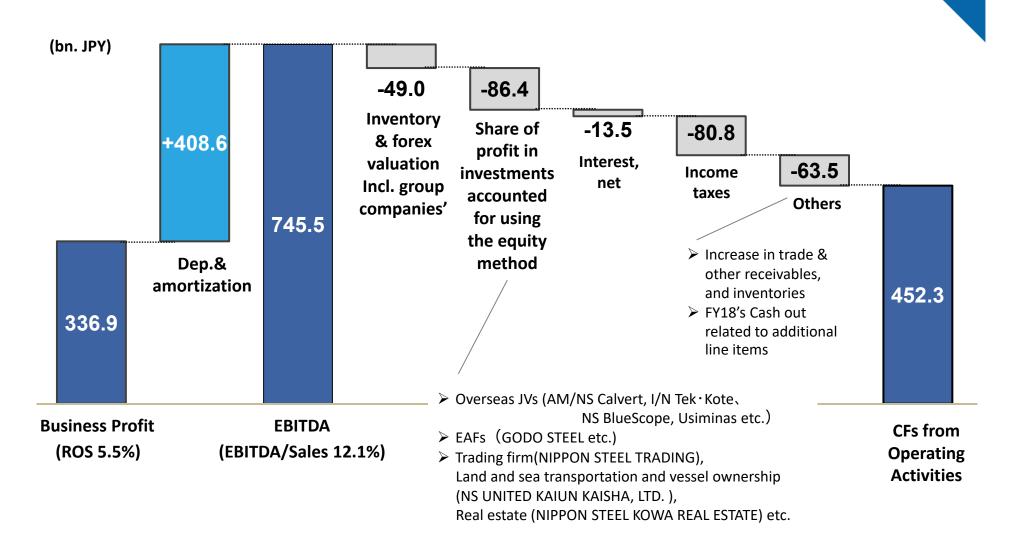
^{*~}FY2017 : JGAAP basis (Sales, Ordinary profit)



(Adjustment page)

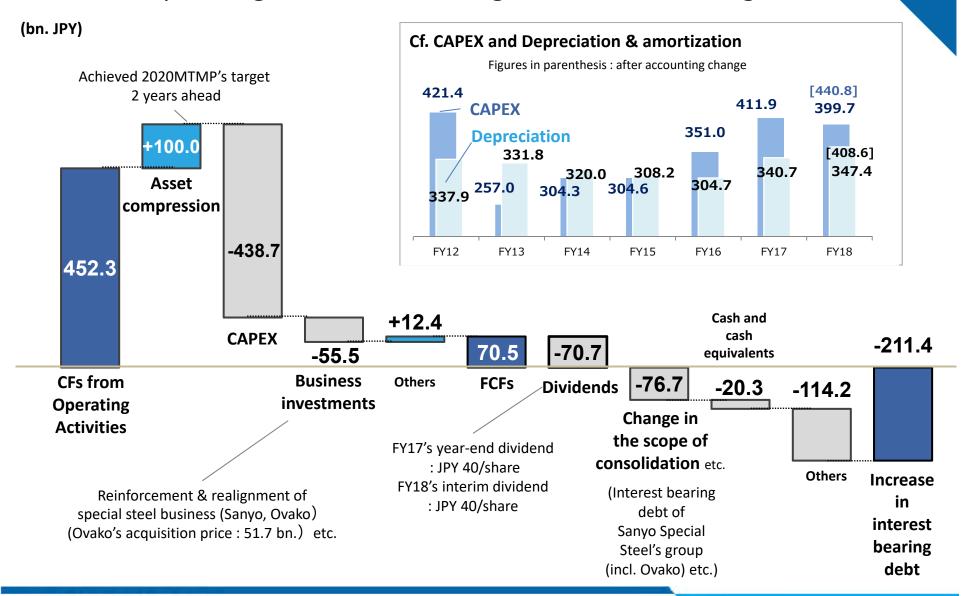
FY2018 Cash Analysis

Business Profit to EBITDA to CFs from Operating Activities



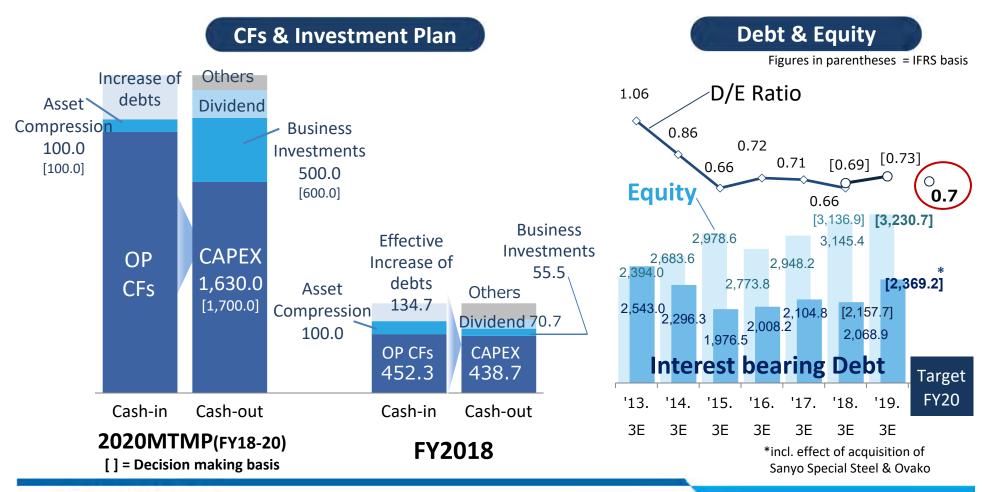
FY2018 Cash Analysis

CFs from Operating Activities to Change in Interest Bearing Debt



Cash Management

- D/E at the end of FY2018: 0.73(YoY +0.04), FY2018's Free Cash Flow: Inflow of 70.5bn.
- > One off deterioration of financial soundness is expected in FY19 along with the closing of ESIL's acquisition.
- ➤ Keep on aiming at 2020MTMP D/E target; approx. 0.7, by enhancing asset compression and pursuing efficient CAPEX infusion.



2. Progress in 2020 Mid-Term Management Plan

Profit Structure (JPY bn.)

The majority of consolidated business profit came from group companies for the past 3 years.

Cf. Trend of non-consolidated operating profit FY18 Consolidated Business Profit 336.9 ~FY12: ex-NSC + ex-SMI 656 600 Ex- SMI Financial Plaza Non-consolidated operating profit **25.1** crisis 581 500 accord 433 Bubble 430 **Inventory valuation** +39.0 Yen appreciation, 393 burst Great East Japan 400 335 Earthquake (14.0)330 excl. Inventory valuation 270 271 Cf. Trend of non-consolidated operating profit 300 237 229 220 192 FY13 FY14 FY15 FY17 FY18 205 FY16 181 167 200 187 140 Non-141 120 112 consolidated 186.9 228.6 56.2 (29.1)6.4 25.1 Ex- NSC 124 114 OP 100 25.1 Inventory (64.0)16.0 (15.0)(39.0)63.0 39.0 Valuation excl. Inventory 171.0 244.0 120.0 10.0 (57.0)(14.0)(3) (28)(29)Valuation (31)(100)**Group companies** 231.3 Others Domestic EAF Cf. Crude steel production Cf. Price hike of commodity materials **Overseas** Trading firm. rerollers and transportations etc. transportation & (non-consolidated) (MMT/year) essel ownership etc (JPY bn./year) NIPPON STEEL Stainles's 45.67 45.00 Non steel businesses 61.1 175.0 44.96 42.62 42.17 40.67 41.00 76.0 Engi-99.0 Chemicals & System solutions neering Materials 26.5 **34.0** 65.0 9.4 25.0 34.0 base Non-operating profit/loss of parent company, FY FY FΥ FΥ FY 2020 19.4 FY16 FY16 FY17 FY18 Elimination of intra-company transactions etc. **MTMP** 15 16 17 1H 2H 2H 2H

Cf. FY12∼17

In total

780bn.

Initiatives for Profitability & Financial Soundness

Accelerating initiatives to secure & strengthen the profit base,

1) initiatives to be carried out immediately and 2) initiatives to be taken when plans become concrete.

Steady implementation of 2020MTMP's initiatives

Rebuild & enhance strength in manufacturing & sales and marketing

Manufacturing: Strengthen production line management & stabilize steel mills' operation

→ Realize our full potential of production & shipment

Sales and marketing: Make the value of our products/services and improve prices in light of impacts from cost increase (Key raw materials (iron ore & coking coal), auxiliary raw materials (alloys), refractory materials and transportation etc.)

→ Secure appropriate sales price

Cash management reinforcement

- Asset compression + 100~200 bn. on top of the original 2020 MTMP
- Efficient CAPEX infusion based on long-term refurbishing plan

Drastic measures for boosting profitability

Build lean & optimal production framework



Asset compression (JPY bn.)

200~300

+100

~200

Improve operating level of competitive production lines and increase productivity by adopting advanced IT → Utilize the advantages of our production framework and overcome our drawbacks Evaluate each product / each area of business to define direction

Closure of Kashima Works' UO pipe mill by the end of Oct. 2019 (plan)

Reflecting the change of SD situation, decided to close Kashima's UO pipe mill and to transfer its production to Kimitsu, aiming to build stronger UO pipe business targeting at high-end market.

FY2019 Outlook

(vs. FY2018 2H annualized basis)

Positive/negative factors on underlying profit



Positive



Negative

Production volume



Stabilizing production by facility trouble resolution

Cost increase of key raw materials



Iron ore and coking coal

Cost increase of commodities



Alloys, refractory materials and transportation etc.

Steel product prices



Securing appropriate margin
Passing the cost increase onto the steel product prices
Recovery in overseas market

Cost reduction



In line with 2020MTMP

Increase in repairing expense and depreciation



Focusing on preventative measures against facility troubles

Group companies



Overseas businesses, Sanyo Special Steel and Ovako, NIPPON STEEL NISSHIN etc.

2020MTMP: Strengthen Manufacturing Capabilities



Action	Publication	~FY17	FY18	FY19	FY20	FY21~	
(Wakayama) BF Switch Nippon Steel Shapes Corp.	Mar.18	★ Mid-Feb. 19 : Switch from 5BF to New 2BI ★ End of FY19 : Close steelmaking NS Shapes & transfer its produc Wakayama Works					
(HOKKAI IRON & COKE CORP. in Muroran) Reline 2BF	Nov.18				*	FY20 2H : Completion	
(Yawata) Optimize Upstream Tobata - Start new continuous casting Kokura - Close upstream process Tobata - Close continuous casting facil	•			☆ May.1	9 : Completic	End of FY20 : full-scale operation End of FY20 : Close End of FY20 : Close	
(NIPPON STEEL NISSHIN Kure) Close 2BF, Reline & expand 1BF	Jul. 17	(orig	inally intende at th	ed to close 2 e end of FY1	ov+	Close 2BF after 1BF's relining End of FY23	
(Kimitsu) 5 Coke Oven Refurbishment	Apr.16		*	Feb 19 : Co	mpletion		
(Hokkai) 5 Coke Oven Refurbishment	Jun.17			☆ FY19 1	.H : Completi	on	
(Nagoya) 3 Coke Oven Refurbishment	Nov.18	FY21 1H: Completion					
(Kimitsu) Close Small-diameter Seamless Pipe & Tube Mill	Mar. 18	May.20 : Close & transfer its production to Wakayama Work					
(Kashima) Close UO Pipe Mill	May. 19			*	End of Oct. production	19 : Close & transfer its to Kimitsu	
*BF = Blast Furnace							

2020MTMP: Global Business Development & Domestic Realignment

Action	Publi- cation	~FY17	FY18	FY19	FY20		
Essar Steel	Mar.18	★ Mar.1 Basic	.8: ★Oct.18:0 agreement AM as th applicant	NCLT. N	9: AM's resolution plan nditionally approved by Now NCLAT is examining ds distribution plan.		
Special Steel Business				came our 100% subsidi	•		
Ovako	Mar.18		★ Jan	1.19 : Approval from JFT us making Sanyo			
Sanyo Special Steel	Aug.18		★ F	eb. 19 : Sanyo's Extrac shareholder's			
		★ Mar. 19 : Sanyo became our 51% subsidiary & Ovako became Sanyo's 100% subsidiary					
NIPPON STEEL NISSHIN		★Mar.17 : Nisshin becar our subsidiary (8→510	%)	ec. 26 th , 18 : Nisshin de Tokyo Stoo In. 1 st , 19 : Nisshin beca 100% subsic	ck Exchange ame our		
Stainless sheets business	May.18	*	May.18 : Basic agree	ment ★Apr.19 : "NIP STAI	PON STEEL NLESS STEEL" started		
Stainless Pipe&Tube business	Aug.18	*	Aug.18: Basic agreer	ment ★Apr.19: "NIP STAINLE	PON STEEL SS STEEL PIPE" started		
Realignments of Trading Firms	Sep.18			ec.18 : Nihon Teppan bubsidiary	pecame NSSB's*		
Nihon Teppan Nisshin Stainlesss Steel Trading			î ri	ec.18 : Nihon Teppan S ghts transferred & cons cainless Steel Trading			
Tokai Color			★ Ja	n. 19 : Tokai Color beca	ame NISC's* subsidiary		
*NSBS : Nippon Steel & Sumikin Bussan Corporation, NISC : Nippon Steel & Sumikin Coated Sheet Corporation				_			

2020MTMP: Other Measures

Action	~FY17	FY18	FY19	FY20			
Delivering Materials and Solutions		 ★ Apr.18: Newly-created "Automotive Material Planning Dept." ★ Apr.18: Newly-created "Integrated Steel Solution Research Lab." 					
to Address Changes in Society and Industry	→ lan 10 · Established "NSafe®-						
Utilizing	★ Apr. 16 : Newly-created "Advan- ★ Apr. 16 : NSSOL newly-created "						
Advanced IT in	★ Apr. 17 : Newly-created "Inform	ation Security Manager	ment Dept."				
Steelmaking Process	★ Oct.17 : NSSOL newly-created "Al Research & Development Center"						
	★ A	Apr.18 : Newly-created I	Intelligent Algorithm R	esearch Center			
			mpany-wide Safety Su of smart devices incl. m				
			★Apr. 19 Introducti	on of NS-DIG™			
Contributing		★ Sep.18 : Selected for "FTSE Blossom Japar	"FTSE4Good Index Se Index", Leading Indice				
to Achieving Sustainable Society	★ Nov.18 : Issue of international standard (ISO 20915) regarding Life cycle inventory calculation methodology for steel products						
(ESG & SDGs)	★ Apr.19 : The 5 th 24 hour in-house nursery in Hirohata Works (Oita, Kimitsu, Yawata, Nagoya, <u>Hirohata</u>)						
		★ Apr. 19 Trial implementation of teleworking					
	★ Apr. 19 Set the direction of retirement						

Promoting Utilization of Advanced IT

-Introduction of NS-DIGTM capable of advanced data analysis and AI development-

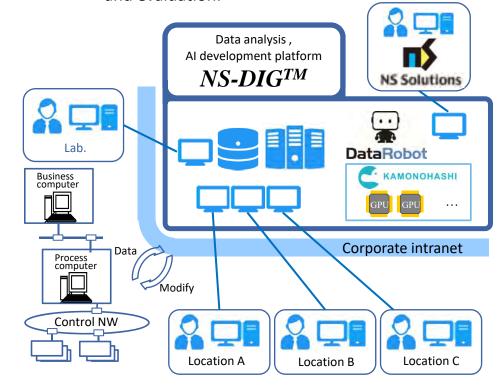
Application of advanced IT in supply and engineering chains

- > To create safe and competitive manufacturing sites
- ➤ To ensure stable production & quality improvement through preventive maintenance
- To promote intelligent solutions (improved sophistication of work)



NS-DIG[™]

NS-DIGTM is a platform seamlessly capable of tasks from data preparation and analysis to Al development and evaluation for realizing more efficient and more extensive Al development and evaluation.



NIPPON STEEL ENGINEERING ESG topics





New order for two large-scale CDQ systems from Tata Steel

(Mar. 2019)

< Benefits of CDQ = Coke Dry Quenching >

CDQ systems use an inert gas inside a cooling tower to cool red-hot coke that has been dry distilled in a coke oven. The sensible heat of red-hot coke, which previously has been dissipated, is recovered as steam with a boiler.

- 1) Reduced CO2 emissions through power generation by steam
- 2) Less amount of dust generated when cooling coke
- 3) Improved quality of coke suited to use in blast furnace
- NSENGI has so far received orders for a total of 12 CDQ systems (including the latest two) from major steel makers in India.

Japanese steel industry's energy-saving technologies spreading globally

C02 emission reduction in overseas

: **60.01** MMT- CO₂/year

Equivalent to one-third of CO2 emissions of ndustry

Japan's entire steel	ir
*1 TRT: Top Pressure Recovery Turbine	

^{*2} GTCC: Gas Turbine Combined Cycle Power Plants

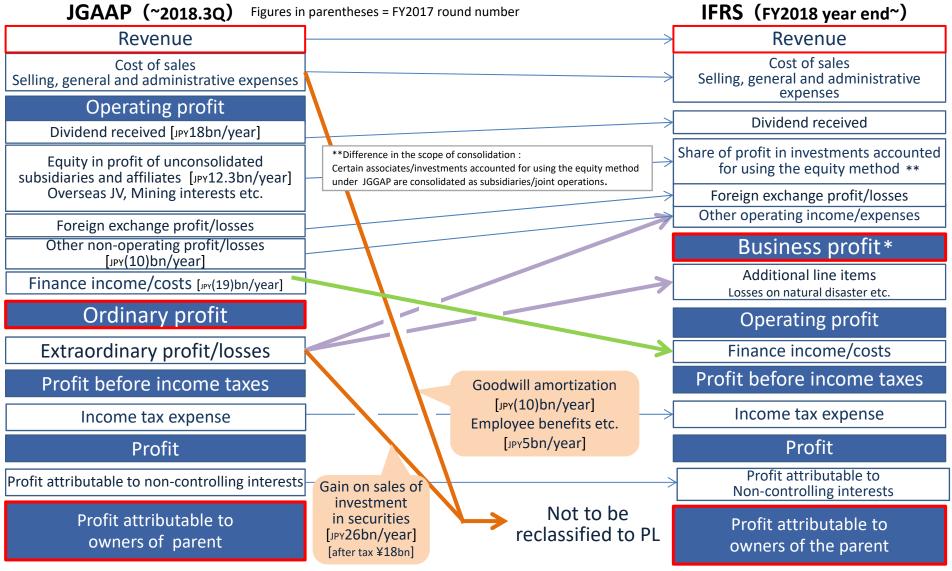


Cf. Japanese steel makers' contribution to global CO2 emission reduction (as of FY2016)

	CDQ units Units	(MMT-CO2/year)
	e installed	18.16
TRT^{*_1}	62	11.02
Heat recovery	6	0.88
Oxygen converter gas collec	tion 21	7.92
Oxygen converter gas waste heat	collection 7	0.85
GTCC*2	52	21.18
Total	244	60.01

3. Appendix

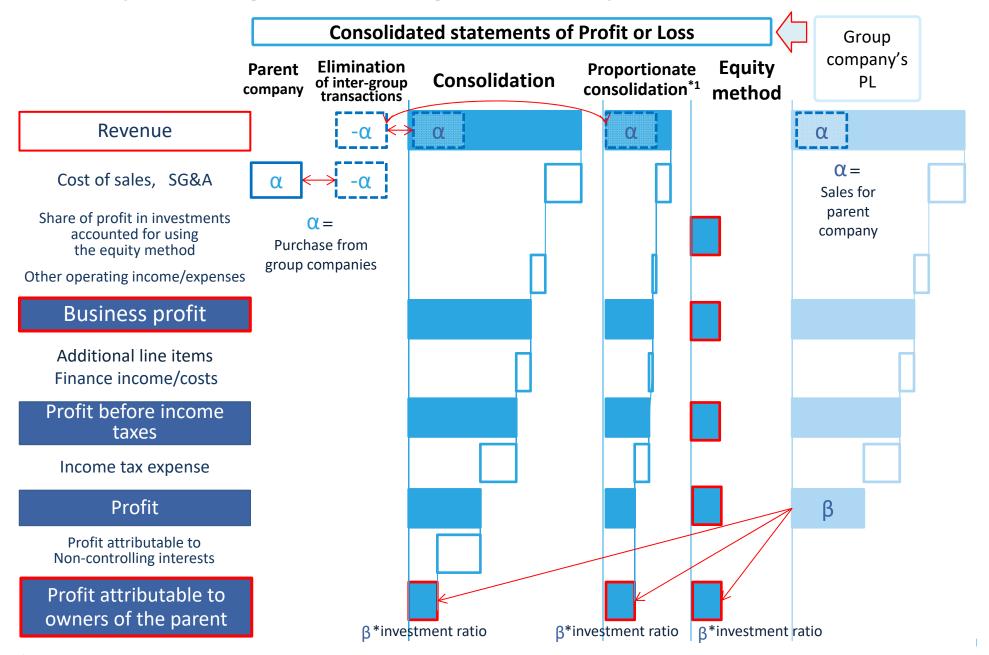
Comparative Table of JGAAP & IFRS PL



- * Business Profit: Results of sustainable business activities, and an important measure to compare & evaluate the consolidated performance continuously.
 - = Revenue Cost of sales, Selling general & administrative expenses and Other operating expenses
 - + 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.

Conceptual Diagram of Change in the Scope of Consolidation



^{*1 :} Recognize and measure its share of the assets and liabilities (and recognize the related revenues and expenses)

Reclassification of Long-life Machinery Parts into Fixed Assets

~FY17

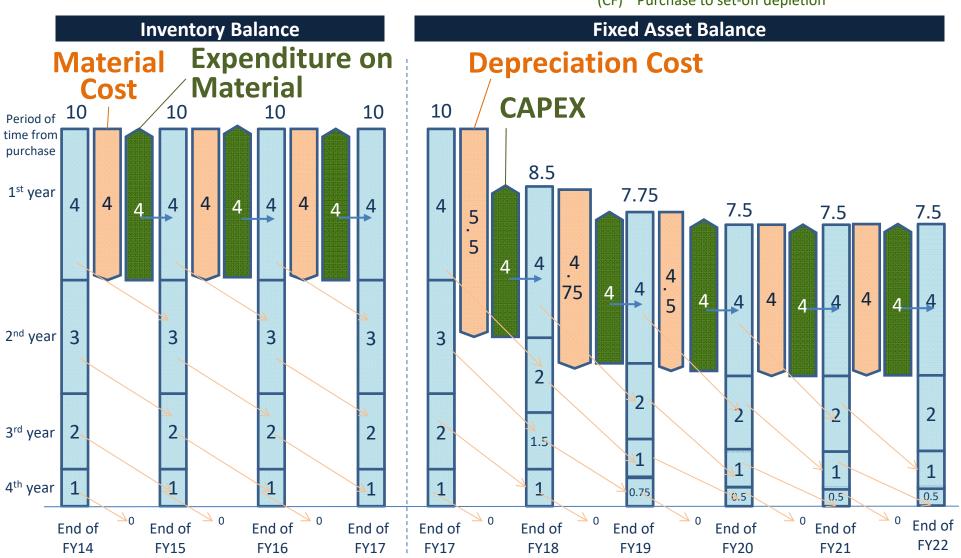
- (BS) Inventory
- (PL) Material cost (depletion based)

(CF) Purchase to set-off depletion

Reclassification

FY18~

- (BS) Fixed asset (CAPEX)
- (PL) Depreciation Cost
 (Declining balance method at depreciation ratio of 50%)
- (CF) Purchase to set-off depletion



FY2018 Results [IFRS] (bn. JPY)

							change				
	FY2017	*5 1H	3Q*5	*5 4Q	*5 2H	*6 prev. FY2018(f)	FY2018	$183\overset{*5}{Q} \rightarrow 184{Q}^{5}$	*5 18 1H→ 18 2H ^{*5}	FY17→ FY18	FY18(f) → FY18
Revenue	5,712.9	2,940.0	1,630.0	1,607.9	3,237.9	[6,200.0]	6,177.9	-22.1	+297.9	+465.0	-22.1
Business Profit *1	288.7	158.0	102.0	76.9	178.9	[330.0]	336.9	-25.1	+20.9	+48.2	+6.9
Additional line items *2		(21.0)	(1.3)	(49.4)	(50.7)		(71.8)	-48.1	-29.7		
Net Profit *3	180.8	117.0	83.0	51.1	134.1	[230.0]	251.1	-31.9	+17.1	+70.3	+21.1
ROS	5.1%	5.4%	6.3%	4.8%	5.5%	[5.3%]	5.5%	-1.5%	+0.2%	+0.4%	+0.1%
EPS (JPY/share)	204.9	132.6	94.0	55.2	149.2	[258.0]	281.8	-38.8	16.7	+76.9	+23.8
EBITDA *4	655.3	358.0	202.0	185.5	387.5	[750.0]	745.5	-16.5	+29.5	+90.2	-4.5
EBITDA/Sales	11.5%	12.2%	12.4%	11.5%	12.0%	[12.1%]	12.1%	-0.9%	-0.2%	+0.6%	-
EBITDA/t (k JPY/t)	14.0	15.1	16.7	15.4	16.0	[15.6]	15.6	-1.3	+0.9	+1.6	-

^{*1} Business Profit: Results of sustainable business activities, & the important measure to compare & evaluate NSSMC's consolidated performance continuously.

Other operating income and expenses is composed mainly of Dividend income, Foreign exchange gains or losses, Loss on disposal of fixed assets.

⁼ Revenue - Cost of sales, Selling general & administrative expenses and Other operating expenses

⁺ Equity in profit of unconsolidated subsidiaries and affiliates and Other operating income.

^{*2} Additional line items: The items that are not recurrent and are remotely related to operational activities, but have a material impact in terms of amount.

^{*3} Profit attributable to owners of the parent *4 Business Profit + Depreciation + Amortization *5 Tentative calculation basis *6 prev. : As of Feb.6th, 2019

Operational Highlights

		FY18							Change				
(MMT)	FY17	1Q	2Q	1H	3Q	4Q	2H	*4 prev. (f)		18 1H vs. 18 2H	FY17 vs. FY18	*4 prev. FY18(f) VS. FY18	FY18 3Q vs. FY18 4Q
Non-Consolidated *1 Pig-iron Production	40.61	10.25	10.24	20.49	10.24	10.13	20.37	[41.20]	40.86	-0.13	+0.25	-0.34	-0.10
Consolidated Crude Steel Production *2	47.02	11.89	11.76	23.65	12.13	12.06	24.19	[48.20]	47.84	+0.54	+0.82	-0.36	-0.08
Non-Consolidated *3 Crude Steel Production	40.67	10.29	10.21	20.50	10.29	10.22	20.50	[41.30]	41.00	+0.01	+0.33	-0.30	-0.07
Non-Consolidated Steel Shipments	37.79	9.57	8.99	18.56	9.92	9.48	19.41	[38.10]	37.97	+0.84	+0.18	-0.13	-0.44
Seamless Pipe Shipments	0.96	0.25	0.22	0.47	0.30	0.27	0.56	[1.01]	1.03	+0.09	+0.07	+0.02	-0.03
Average Steel Selling Price (k JPY/ton)	84.7	87.2	90.2	88.7	91.5	90.9	91.2	[89]	89.9	+2.5	+5.3	+0.9	-0.6
Steel Export Ratio (Value basis (%))	41.2	40.6	41.2	40.9	40.2	37.0	38.6	[40]	39.7	-2.3	-1.4	-0.3	-3.2
Forex (USD•JPY)	111	108	111	109	113	110	112	[111]	111	Depreciate 3	-	-	Appreciate 3

^{*1} Figures of FY2017 Incl. Hokkai Iron & Coke corp. and Nippon Steel & Sumikin Koutetsu Wakayama Co. *3 Figures of FY2017 Incl. Nippon Steel & Sumikin Koutetsu Wakayama Co

^{*2} Figures of FY2017 Incl. Nippon Steel & Sumikin Koutetsu Wakayama Co. and Figures of FY2018 2H going forward Incl. OVAKO *4 Prev. : As of Feb.6th,2018



Key Indicators of Demand

		FY18								Cha	nge	
[Domestic]	FY17	1Q	1H	4Q	2Н	*2 prev. (f)		1Q(f)	18 1H vs. 18 2H	FY17 vs. FY18	prev. FY18(f) vs. * ² FY18	FY18 1Q vs. *1 FY19 1Q(f)
Housing Starts (mil. houses)	0.95	0.25	0.49	0.22	0.46	[0.95]	0.95	0.25	-0.03	+0.01	-	-
Non-residential Construction Starts (mil. m²)	53.31	13.38	26.97	11.00	24.05	[53.36]	51.02	13.52	-2.92	-2.30	-2.34	+0.14
Public Works Orders (bn. JPY)	10,508	1,909	4,735	2,970	5,395	[10,505]	10,130	2,050	+660	-378	-375	+141
Finished Auto Production (mil. units)	9.68	2.33	4.63	2.54	5.11	[9.86]	9.74	2.46	+0.48	+0.06	-0.12	+0.13
Export of Finished Auto (mil. units)	4.79	1.20	2.35	1.21	2.50	[4.85]	4.85	1.15	+0.15	+0.06	-	-0.05
Overseas Auto Production (8 Japanese car makers) (mil. units)	19.29	4.88	9.65	4.70	9.61		19.25		-0.04	-0.04		
Large & Middle Sized Shovel Production (thousand units)	79	20	39	19	43	[82]	82	20	+4	+3	-	-
Metal Machine Tool Production (thousand tons)	458	109	223	115	222	[465]	445	101	-1	-13	-20	-8
Keel-laid New Ships (mil. gross tons)	12.06	2.92	5.79	3.00	5.80	[12.02]	11.59	2.90	+0.01	-0.47	-0.43	-0.02

Rig Count		CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	Lat	est	Pe	ak	Bot	ttom
US	6A	1,546	1,875	1,919	1,761	1,862	977	510	875	1,032	1,022	(Apr.19)	2,031	(Sep.08)	404	(May.16)
	Deep well (≧15,000ft)	249	395	324	326	354	205	126	222	230	240	(Apr.19)	413	(Nov.11)	98	(May.16)
W	orld Total Excl. N. America, Russia & China	1,094	1,167	1,234	1,296	1,337	1,167	955	948	988	1,039	(Mar.19)	1,382	(Jul.14)	920	(Oct.16)

Source: Baker Hughes, Smith international, Nippon Steel's estimate

*1 Forecasts as of mid - Mar. 2019

***2** Figures as of Feb, 6th, 2019.



Domestic Steel Consumption by Industrial Sector

				F	Y18			FY19		Cha	nge	
(MMT)	FY17	1Q	1H	4Q	2H	prev.*2 (f)		1Q*1	18 1H vs. 18 2H	FY17 vs. FY18	prev. FY18(f) vs. *2 FY18	FY18 1Q vs. *1 FY19 1Q(f)
Crude Steel Production	104.84	26.56	52.22	24.97	50.67	Approx. [104.23]	102.89	Approx. 26.57	-1.55	-1.95	Approx. -1.34	Approx. +0.01
Domestic Steel Consumption (A + B)	62.89	15.31	30.88	15.85	32.02	[63.20]	62.90	15.51	+1.14	+0.02	-0.30	+0.20
% for manufacturing sector	64.2	65.1	64.5	65.0	64.9	[64.4]	64.7	64.7	+0.3	+0.5	+0.3	-0.4
Ordinary Steel Consumption (A)	49.74	12.05	24.31	12.56	25.36	[49.96]	49.67	12.24	+1.05	-0.07	-0.29	+0.19
Construction	21.67	5.17	10.56	5.34	10.85	[21.67]	21.41	5.28	+0.29	-0.26	-0.26	+0.11
Manufacturing	28.08	6.89	13.75	7.23	14.51	[28.29]	28.26	6.96	+0.76	+0.19	-0.03	+0.07
Shipbuilding	4.08	0.99	1.96	1.00	1.98	[4.08]	3.94	1.00	+0.02	-0.14	-0.14	+0.01
Automotive	11.31	2.75	5.51	2.91	5.87	[11.45]	11.38	2.85	+0.36	+0.07	-0.07	+0.10
Industrial Machine	5.04	1.29	2.57	1.35	2.73	[5.08]	5.31	1.23	+0.16	+0.26	+0.23	-0.06
Electronic Machine	3.10	0.76	1.52	0.80	1.59	[3.14]	3.11	0.76	+0.07	+0.01	-0.03	+0.00
Special Steel Consumption (B)	13.14	3.28	6.57	3.28	6.66	[13.24]	13.23	3.27	+0.09	+0.09	-0.01	-0.01
Steel Imports	6.55	1.64	3.12									
Steel Exports	37.52	9.15	17.99									

Source : Nippon Steel's estimation



^{*1} Forecasts as of mid - Mar. 2019

^{*2} Figures as of Feb. 6th, 2019

World Economic Outlook < Released on Apr. 2019 by IMF >

[]: IMF's Outlook as of Jan. 2019

(GDP growth rate)

	CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19 (f)		CY20 (f)	
World Total	3.0	-0.5	5.3	3.9	3.4	3.4	3.4	3.4	3.2	3.8	3.6	[3.5]	3.3	[3.6]	3.6
Developed Countries	0.5	-3.4	3.2	1.7	1.2	1.4	1.9	2.1	1.7	2.4	2.2	[2.0]	1.8	[1.7]	1.7
USA	0.4	-2.6	3.0	1.8	2.3	2.2	2.4	2.6	1.5	2.2	2.9	[2.5]	2.3	[1.8]	1.9
EU27	0.6	-4.1	1.9	1.5	-0.7	-0.4	0.9	2.0	1.8	2.4	1.8	[1.6]	1.3	[1.7]	1.5
Japan	-1.2	-6.3	4.4	-0.6	1.5	1.6	0.0	1.1	0.9	1.9	0.8	[1.1]	1.0	[0.5]	0.5
Developing Countries	6.1	2.7	7.5	6.2	5.1	5.0	4.6	4.3	4.4	4.8	4.5	[4.5]	4.4	[4.9]	4.8
China	9.6	9.2	10.4	9.3	7.7	7.7	7.3	6.9	6.7	6.8	6.6	[6.2]	6.3	[6.2]	6.1
India	7.3	6.8	10.6	6.3	4.7	6.9	7.2	8.0	7.1	7.2	7.1	[7.5]	7.3	[7.7]	7.5
Russia	5.6	-7.8	4.3	4.3	3.4	1.3	0.7	-2.8	-0.2	1.6	2.3	[1.6]	1.6	[1.7]	1.7
Brazil	5.1	-0.6	7.5	2.7	1.0	2.7	0.1	-3.8	-3.5	1.1	1.1	[2.5]	2.1	[2.2]	2.5

Source : IMF



40

[]: Previous forecasts as of Oct. 2018



*FY16~: including illegal induction furnaces

1.75 (bn. tons) 1.74 1.71 China Others **Developed countries** 0.71 0.84 0.67 0.66 0.55 02 04 06 08 10 74 76 78 80 82 86 88 90 92 94 96 98 00 84 12 14

Source: World Steel Association, Apparent finished steel consumption



World Crude Steel Production

					CY									
(MMT)	CY17	Jan - Mar	Apr - Jun	Jul - Sep	Oct.	Nov.	Dec.	Oct Dec. [A]		Jan	Feb	Mar	Jan - Mar [B]	Change [A] →[B]
World * Total	1,712.3	424.9	455.3	455.4	155.8	149.4	146.3	451.4	1,789.6	150.1	137.9	155.0	444.1	-7.3
[YoY]	[7.9%]	[4.0%]	[5.8%]	[3.7%]	[5.2%]	[6.3%]	[3.6%]	[5.0%]	[4.5%]	[3.3%]	[4.5%]	[4.9%]	[4.5%]	[-0.5%]
Japan	104.7	26.4	26.6	25.7	8.6	8.7	8.5	25.7	104.3	8.1	7.7	9.1	25.0	-0.7
[YoY]	[-0.1%]	[0.7%]	[1.8%]	[-1.1%]	[-4.4%]	[-0.5%]	[-3.0%]	[-2.6%]	[-0.3%]	[-9.8%]	[-6.6%]	[-0.0%]	[-5.4%]	[-2.8%]
Korea	71.0	17.8	18.2	18.1	6.2	5.9	6.2	18.3	72.5	6.4	5.5	6.3	18.1	-0.2
[YoY]	[3.6%]	[2.9%]	[4.4%]	[-1.1%]	[3.7%]	[1.0%]	[1.5%]	[2.1%]	[2.0%]	[1.1%]	[1.1%]	[2.8%]	[1.6%]	[-0.5%]
USA	81.6	20.8	21.2	22.1	7.6	7.4	7.5	22.4	86.7	7.5	6.9	7.8	22.2	-0.3
EU28	168.5	43.2	43.8	39.0	14.6	14.5	13.2	42.3	168.1	13.9	13.0	15.0	42.3	-0.0
Russia	71.5	17.8	18.3	18.3	5.9	5.7	5.9	17.4	71.7	5.8	5.2	5.8	16.8	-0.6
Brazil	34.4	8.6	8.5	8.9	3.1	2.8	2.6	8.6	34.7	2.9	2.7	2.8	8.4	-0.2
India	101.5	27.4	26.1	26.1	8.8	9.0	9.0	26.8	106.5	9.2	8.7	9.4	27.3	+0.5
China	870.9	210.2	238.0	242.4	82.6	77.6	76.1	236.3	928.3	78.6	71.0	80.3	231.1	-5.2
[YoY]	[10.7%]	[5.1%]	[7.1%]	[5.8%]	[9.1%]	[10.8%]	[8.2%]	[9.4%]	[6.6%]	[9.2%]	[9.2%]	[10.0%]	[9.9%]	[0.6%]

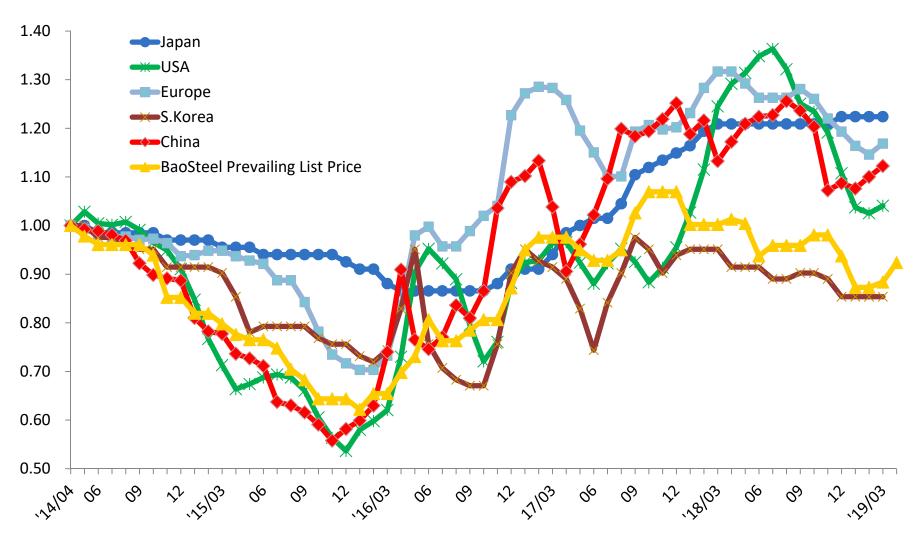
Source: World Steel Association

*Total of 64 countries



Hot Rolled Sheets Prices by Region

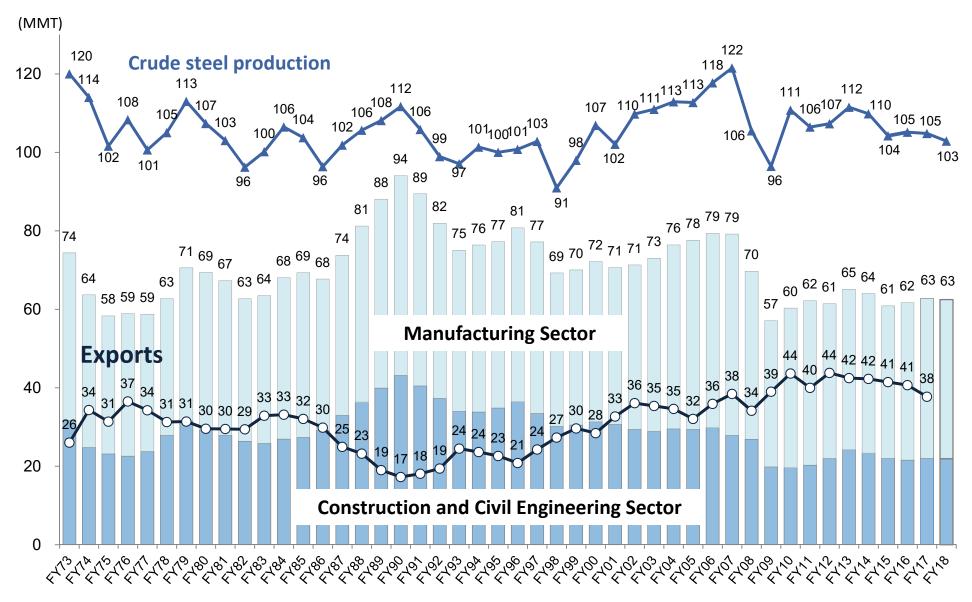
(Prices of Hot Rolled Sheets in Local Currency as of Apr. 2014=1.0)



Source : The Japan Iron and Steel Federation

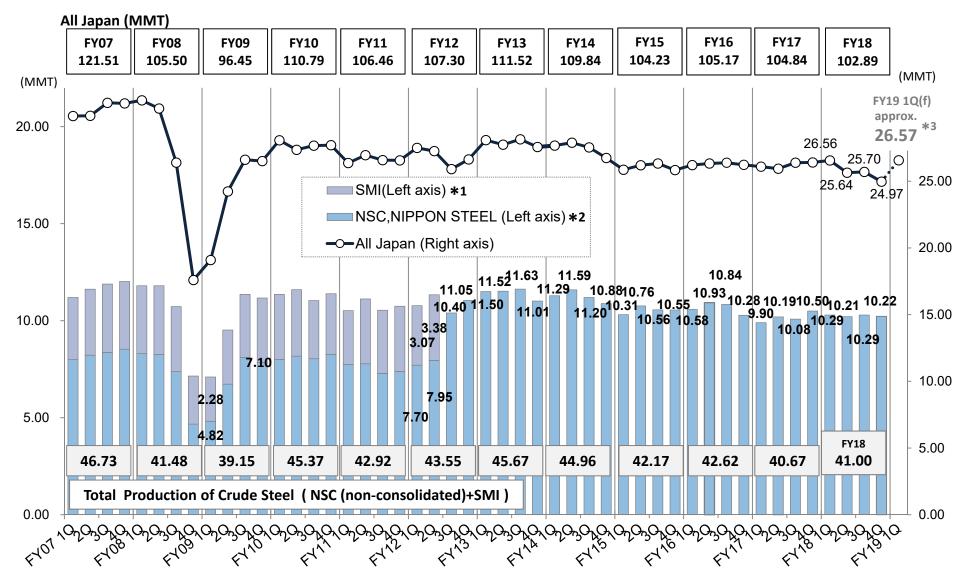


Domestic Steel Consumption Trend



Source: Nippon Steel

Domestic Crude Steel Production



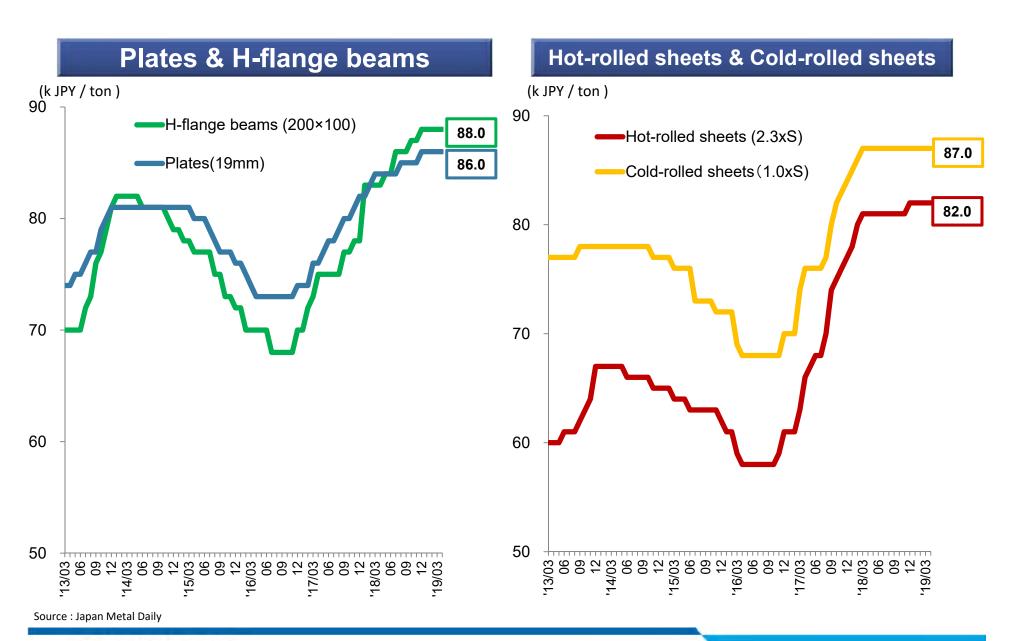
^{*1} Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co. *3 Domestic Crude Steel Production of



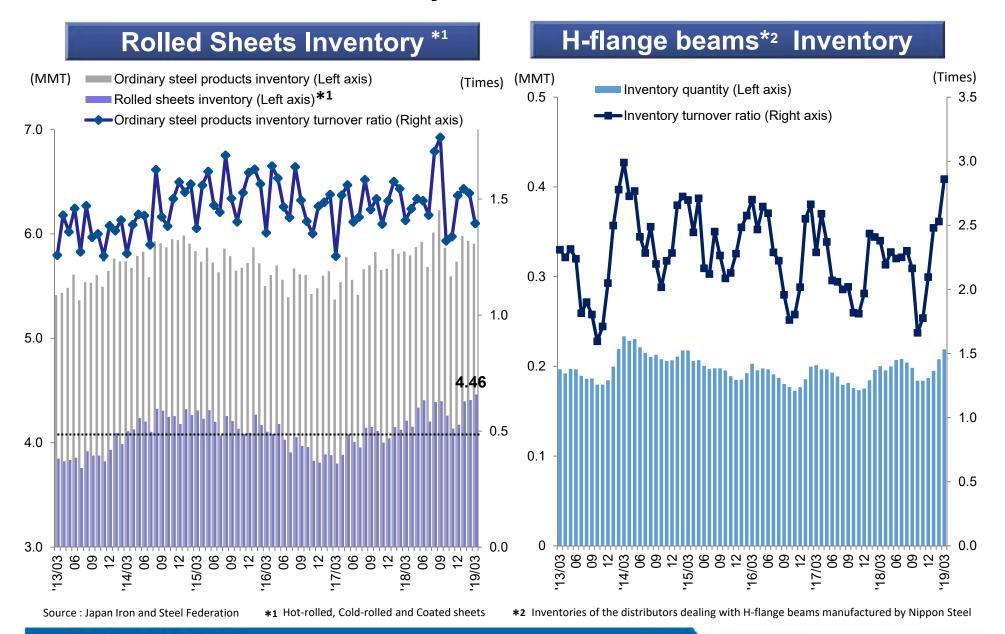
^{*2} Includes NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP (~FY2017)

FY19 1Q(f) released by METI

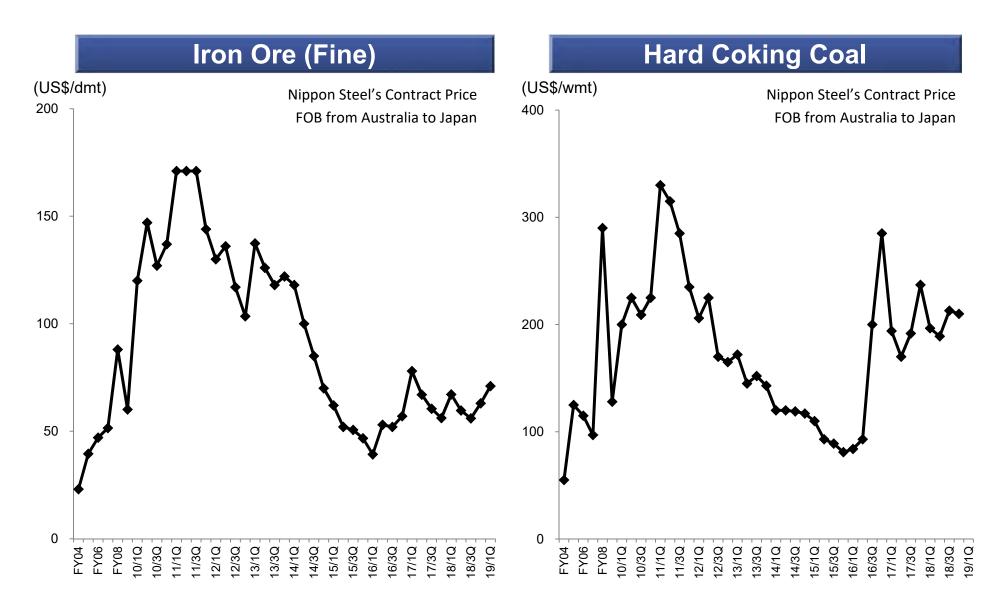
Domestic Steel Products Prices



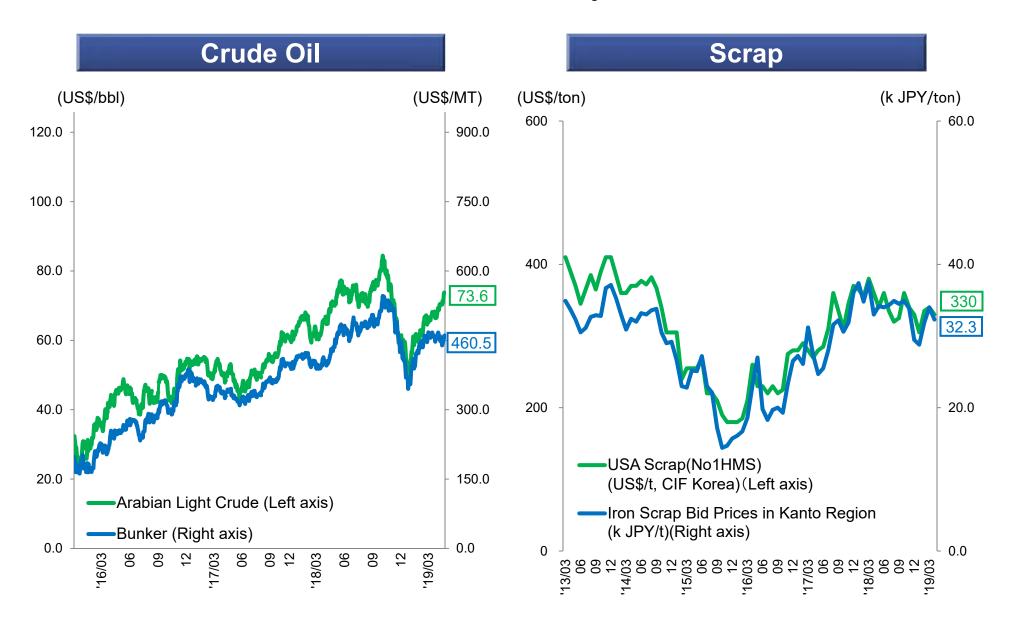
Domestic Steel Inventory



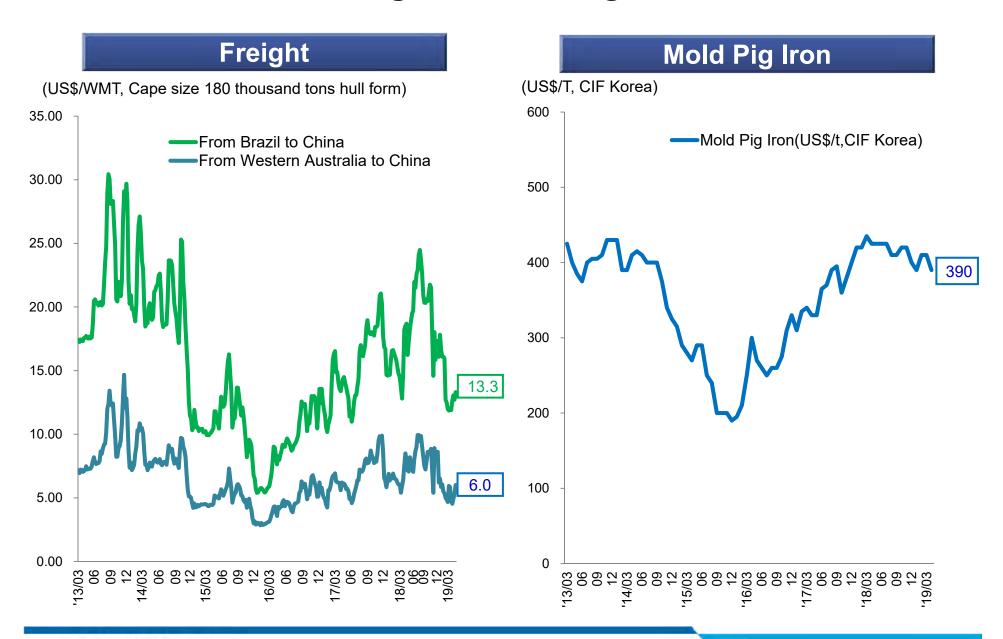
Iron Ore & Coking Coal Prices



Market Trends < Crude Oil & Scrap >



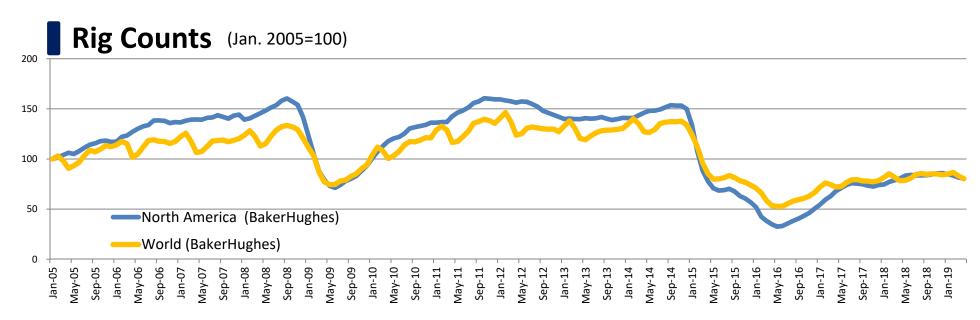
Market Trends < Freight & Mold Pig Iron >



Energy Sector : Oil Price / Rig Count

US Oil Price (WTI Spot)





Forex Trend



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