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Second Quarter FY2019 Earnings Summary

Nov. 1st, 2019

NIPPON STEEL CORPORATION

Agenda

1. Business Environment & Our Strategy

2. FY2019 1H Results & Full Year Forecast

3. Progress in 2020 Mid-Term Management Plan

4. Appendix

1. Business Environment & Our Strategy

(1) Overview: FY2019 1H Results & Full Year Forecast

1. Financial Highlights

(Bn. JPY unless noted otherwise)

■ FY2019 1H Results

- Consolidated Business Profit: 73.1, ROS: 2.4%, Net Profit: 38.7. ROE: 2.4%
- ▶ Business Profit Variance from FY19 1H forecast as of Aug.1: +3.1 (70.0 \rightarrow 73.1)
- ➤ Interim Dividend: JPY 10.00/share (not changed from the forecast as of Aug.1st)
 Consolidated Payout Ratio: 23.8%

■ FY2019 Full Year Forecast

- Consolidated Business Profit: 100.0, ROS: 1.6%
- ▶ Business Profit Variance from FY19 forecast as of Aug.1st: -50.0 (150.0→100.0)

 - ③ Others · · · · · · · · + 6.0
- ➤ Business Profit Variance from FY18: -236.9 (336.9→100.0)

 - ② Volume····· 37.0
 - ③ Cost reduction · · · · · +50.0
 - 4 Group companies (-23.0), Non-steel (-5.0), Increase in depreciation, etc. · · 48.0
 - ⑤ Disasters, Other one-off factors (Inventory valuations etc.) · · · · · · · · · · · · 67.0

*Profit attributable to owners of the parent



(1) Overview: FY2019 1H Results & Full Year Forecast

2. Business Environment

The global economic growth has been slackening due to the US-China trade issue and the economic growth slowdown in China. Close attention must be paid to the effects of expanding geopolitical risks.

■ Ongoing "Decoupling of Raw Material Prices & Steel Product Prices"

■ High Raw Material Prices

- Iron ore prices: Dropped slightly since July with the restart in iron ore supply by VALE, but it remains approx. 30% higher YoY, supported by strong pig/crude steel production and demand for steel products in China, mainly for long steel products used for infrastructure, which have been boosted with continuous economic stimulus by Chinese government.
- Coking coal prices: Had recently been in down trend since July due to domestic coal incentives in China and a seasonal decrease in coal demand in India, but started to rebound since late September. Close attention must be paid to the future procurement trends in China and India, and weather factors in Australia.

■ Low Steel Product Prices

ASEAN's steel market prices have been sluggish due to weak steel demand outlook and fluctuation factors on supply side such as increasing exports of steel products from India and Russia.

■ Steel Demand Deterioration in Exporting Industries in Japan

- > Japanese economy has been solid in general, but steel demand in exporting industries has declined as consumption of steel-made products has declined in Asia, including China.
- In the second half, increase in public investment in infrastructure sector is expected due to the "national resilience" policy in Japan, but close attention should be paid to the uncertainty of the global economy and the risk of consumption decline due to the consumption tax hike.

(1) Overview: FY2019 1H Results & Full Year Forecast

3. Disasters

■ Typhoon Faxai (#15)

- The flare stack(*) of #1 steelmaking plant in Kimitsu works was damaged due to the strongest wind ever recorded in the area caused by Typhoon Faxai (# 15) on Sep. 9th. (* A facility with a pipe tower used to safely combust converter by-product gas to be detoxified when releasing it to the atmosphere.)
- ➤ The full operation of #1 steelmaking plant is planned to be resumed from Jan. 2020.
- Although alternative production in other steelworks such as Muroran, Kashima, Yawata, Wakayama Works is planned in order to minimize the impact on customers, net decrease of approx. -300kt in crude steel production and -340kt in steel shipping are expected. We are taking through additional measures such as requesting to other companies for some alternative production to deal with the problem.

■ Fire in #1 steelmaking plant in Kure works of Nippon Steel Nisshin(NSN)

- Fire broke out at #1 steelmaking plant in NSN Kure works (capacity: approx. 40kt/month) at the end of Aug.
- ➤ The operation room and the electric room of converter were damaged, and #1 steelmaking plant has been out of operation. FY19 guidance took into account the assumption that the suspension will continue during FY19.
- Now trying to minimize the impact on customers with alternative production in #2 steelmaking plant in Kure and plants in Nippon Steel, and with inventory shipment.
- Approx. -450kt decrease in crude steel production in NSN is expected. Estimate of the impact to the FY19 earnings is made on the assumption that decrease in steel product shipment will be avoided with inventory shipment and alternative production in Nippon Steel (+350kt) (cf. crude steel production in Nippon Steel: +280kt).

		Volume loss	Cost loss	Business profit impact in FY2019 [vs. as of Aug/1 st] Bn. JPY	FY2019 1H	FY2019 2H
May. Kimitsu blackout	*1	-5.0	-5.0	-10.0 [± 0]	-10.0【±0】	- (±0)
Aug. Fire in Nisshin	*2	-2.0	-13.0	-15.0【-15.0】	- 5.0【-5.0】	-10.0 [-10.0]
Sep. Typhoon Faxai (#15)	*1	-11.0	-14.0	-25.0 (-25.0)	- 8.0【-8.0】	-17.0 [-17.0]
Total	*2	-18.0	-32.0	-50.0 [-40.0]	-23.0 (-13.0)	-27.0 [-27.0]

*1 Non-consolidated *2 Consolidated

(2) Initiatives to Secure & Strengthen Profit Base

1. Rebuild "strength in manufacturing", and shift to further "profitability-oriented production"

- Through continuous efforts such as initiatives for strengthening line management at operations and maintenance sites, manufacturing standardization, and support for particular steel works and lines with company-wide expert teams, manufacturing capabilities have recovered to a certain extent.
- > Reduction of crude steel production caused by facility troubles (excl. natural disasters) is halved in FY2019. 1H vs. FY2018.

Pursue further "profitability-oriented production", reflecting deterioration of margins in the overseas spot markets and the demand decrease in Japan, and need to stock inventory for relining period of #2 BF in Muroran Works (FY2020 1H-

the acmana acorca	oc iii sap	an, and ne	ca to st.	July IIII	,
2H) as well.			FY201	L9(f)	
	FY	As of	А	s of Nov. 1	st
(MMT/Y)	2018	Aug. 1st		Vs. Aug. 1st	Vs. FY18
Crude steel production (Non-consolidated)	41.00	41.00	40.70	-0.30	-0.30
Incl.①Natural disaster*1	-0.65	-0.28	-0.58	-0.30	+0.07
Incl. ②Alternative production for Nisshin	_	_	+0.28	+0.28	+0.28
Cf. Crude steel production (Consolidated)	47.84	49.00	48.70	-0.30	+0.86
Steel product shipment (Non- consolidated)	37.97	37.80	37.40	-0.40	-0.57
Incl. ①Natural disaster*1	-0.85	-0.05	-0.39	-0.34	+0.46
Incl. ②Alternative	_	_	+0.35	+0.35	+ 0.35

*1 Natural disasters

FY2018: Heavy rainfall (Jul.), Typhoon Jebi (#21) (Sep.)

Earthquake in Hokkaido (Sep.)

FY2019: Lightning impact on Kimitsu Works (May),

Typhoon Faxai (#15)(Sep.)

*2 Crude steel (consolidated) Y on Y +0.86MMT incl. The effect of making Sanyo our subsidiary +1.90MMT

FY2018: OVAKO 6 months = 0.44MMT

FY2019: SANYO, OVAKO, Mahindra 12months = 2.34MMT

Incl. Other - 1.04MMT

FY2018→FY2019(f) Steel product shipment Excl. ①Natural disaster,
②Alternative production for Nisshin
- 1.38MMT/Y

2. Improve long-term contractual steel prices

- > Build a coexisting relationship that shares the burden of cost increases across the supply chain.
- ➤ Realize "appropriate sales price" reflecting our comprehensive contributions to satisfy customers' sophisticated and diversified needs. → Realize appropriate margins to sustain business.

production for Nisshin

(3) Promotion of Mid-to-Long Term Growth Strategy

1. Business integration synergies

- (Announced on Oct. 3rd) Merger of Nippon Steel (NSC) and Nippon Steel Nisshin (NSN)
 - The environment surrounding the steel making industry is rapidly worsening. In addition to a significant deterioration in NSC's own business conditions, NSN, which is in the same industry as NSC (BF steel making and steel sheet business), is likewise experiencing very harsh business conditions.
 - In order to overcome this situation, it is necessary for the Nippon Steel Group to proceed with the urgent consideration and implementation of measures to pursue even greater total optimization, forming an organizational structure for agile response aimed at strengthening competitiveness. (ex. restructuring and reorganizing facilities and the organization including the headquarters, marketing branches, steel works, and R&D laboratories.)
 - > Since this is a merger with NSC's wholly owned subsidiary, no allotment of shares or other consideration will be made.

[The history from making Nisshin Steel our subsidiary to the merger]

Feb. 1 st , 2016.	Execution of the memorandum of understanding on making Nisshin Steel our subsidiary
May. 13 th , 2016	Agreement to make Nisshin Steel our subsidiary (Tender Offer Price: JPY 1,620/ share)
Mar. 13 th , 2017	Made Nisshin steel our subsidiary
May. 16 th , 2018	Agreement to make Nisshin Steel our wholly owned subsidiary (share exchange agreement)
Dec. 28 th , 2018	Delist of Nisshin Steel from the First Section of Tokyo Stock Exchange, Inc.
Jan. 1 st , 2019	Made Nisshin steel our wholly owned subsidiary
Oct. 3 rd , 2019	Execution of merger agreement
Apr. 1st, 2020(planne	d) Effective date of merger

2 Business integration of Nippon Steel Logistics and Nippon Steel Nisshin Logistics

- Nov. 1st: Basic agreement on executing business integration on Apr. 1st, 2020.
- Nippon Steel Logistics is a Nippon Steel's wholly owned subsidiary. Nippon Steel Nisshin Logistics is also a Nippon Steel Nisshin's wholly owned subsidiary.

(3) Promotion of Mid-to-Long Term Growth Strategy

2. Promoting investment on demand-growing sectors and regions

Investments in electrical steel sheets business for capacity & quality improvement (the second step)

- > Promoting investment on electrical steel sheets manufacturing facilities to address increasing demand for high energy efficiency for transformers and eco-cars.
- ➤ Have decided investment of approx. JPY 14 bn. on facilities in Hirohata Works as the second step. (The investment of approx. JPY 46 bn. on facilities in Yawata Works as the first step has already been released on Aug. 1st, 2019.)
- Further CAPEX plan is ongoing, the details will be posted once it's decided.

■ Reformation of the Scrap Melting Process in Hirohata Works

- > Reform current scrap melting process with melting furnace and converter to a new process with an EAF by which steel production can be made with low energy and high flexibility. (CAPEX amount: approx. JPY28 bn.)
- ➤ Date of starting the operation: from FY2022 1H (planned)
- ➤ With such our strength as sophisticated refining technology and easy accessibility to highly purity scrap, Nippon Steel produces high-quality and high-purity flat steel products including electrical steel sheets in the state-of-the-art EAF.

Strengthen total competitiveness by reformation of upstream process and investments for capacity & quality improvement in downstream process

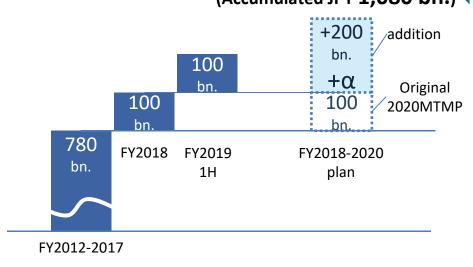
- **Joint Acquisition of Essar Steel with ArcelorMittal** (originally intended in 2020MTMP)
 - > Indian Supreme Court's examination is over and we are now waiting for its judgement.



JPY **300 bn.**+α (Accumulated JPY **1,080 bn.**)

1. Asset compression

- Already accomplished JPY 100 bn. of asset compression 2 years ahead of original 2020MTMP.
- Additional JPY 200 bn. of asset compression is planned, mainly by selling strategic-holding shares.
- ➤ 100 bn. of asset compression has been accomplished in FY2019 1H.
- Now examining further measures.



2. CAPEX

- Pursue efficient CAPEX based on long-term refurbishing plan.
- Selection and concentration to sectors and regions that will promisingly contribute to profit in the future.
- Plan to scale back on CAPEX. cf. CAPEX plan in original 2020MTMP: JPY 1,700 bn./3 years (decision making basis)

3. Large scale funding

Have issued the public hybrid bonds with the total issue amount of JPY 300 bn. on Sep. 12th.

Maturity period: 60 years

> Equity credit: 50%

Early redemption	Total amount of issue	Initial interest rate
After 5 years	JPY 70 bn.	0.71%
After 7 years	JPY 30 bn.	0.93%
After 10 years	JPY 200 bn.	1.24%

(5) Structural Measures to Strengthen Business Framework 11

■ Integration and Reorganization of Steelworks

- Decided to promote integration and reorganization of some steelworks in order to adopt measures for collaboration among steelworks and to enhance competitiveness as a part of an organizational and operational review. The restructuring will ensure advances in manufacturing capabilities and enhanced autonomy and efficiency of manufacturing workplaces.
- ➤ Based on the fact that business management across remote locations has become possible due to standardization of business and the development of ICT, etc., we have decided to reorganize the steelworks organization from the viewpoint of logistics and enhancement of human resources base, technology, skills and know-how. The new organization structure will be comprised of 6 steelworks.

> Date of implementation: Apr. 1st, 2020 From **Current Organization** Apr. 1st, 2020 Kashima Works/ Kimitsu Works/ Bar & Wire Rod Unit Kamaishi Works/ **East Nippon Works** Titanium Unit Naoetsu Works Wakayama Works/ Pipe & Tube Unit Amagasaki Works/ **Kansai Works** Railway, Automotive & Machinery Parts Unit Osaka Steel Works **Setouchi Works** Hirohata Works/ Nippon Steel Nisshin Kure Works, Sakai Works, Toyo Works, Osaka Works **Kyushu Works** Yawata Works/ Oita Works/ Titanium Unit Hikari Titaniumu Production Div. **Muroran Works** Bar & Wire Rod Unit Muroran Works **Nagoya Works** Nagoya Works (No change)



(5) Structural Measures to Strengthen Business Framework 12

2. Build lean & optimal production framework

- Reinforcement of UO Pipe Business (Announced on May 9th, 2019 → Executed at the end of Oct., 2019)
 - Closed UO pipe mill in Kashima works on the end of Oct., 2019...
 - ➤ Production of UO pipe has been integrated in Kimitsu works, aiming to build a competitive production framework reflecting market demand size and to keep profitability in the highest grade market.

■ Reinforcement of Tinplate Business

Decided to close tinplate mill in Hirohata works in FY2021 2H, aiming to reinforce tinplate business profitability with 2 mills-stracture (Yawata works and Nagoya works).

Further plans to build lean & optimal production framework and to reinforce overseas businesses are under examination.

- We aim to improve facility usage ratio by promoting selection and concentration of investment to competitive facilities. We also aim to raise productivity through implementation of advanced IT.
- In terms of increasing overseas businesses profit and re-distribution of management resources, we thoroughly examine measures, including withdrawal from businesses that cannot move into the black, businesses that have completed their roles, or businesses that are losing synergies.
- Further plans are to be announced one by one as they put into concrete shapes.

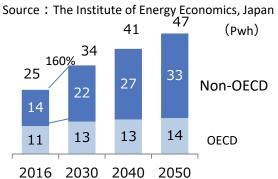
Electrical Steel Sheets - Investments for Capacity & Quality Improvement - 13

Demand Increase

Quality Sophistication



World Generated Electricity Outlook



Tightening of Electric Transformer Efficiency Regulation

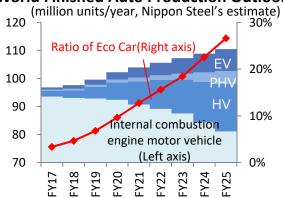
High-grade GO is essential to improve electric transformer's efficiency → Demand for high-grade GO is expected to grow.

Figures in parenthesis: Regulatory requirement for energy loss (iron loss) ratio improvement

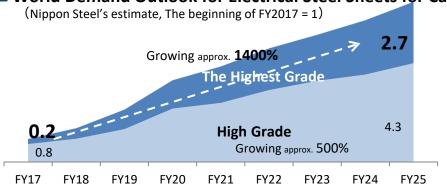
Area	Regulation	As Is	То Ве
Japan	Top Runner	Tier 2	→ Tier 3 [vs. level 2 Reg. +10%]
EU	Eco-design	Tier 1 — [vs. before regulation +40%]	→ Tier 2 [vs. level 1 Reg.+10%]







World Demand Outlook for Electrical Steel Sheets for Cars

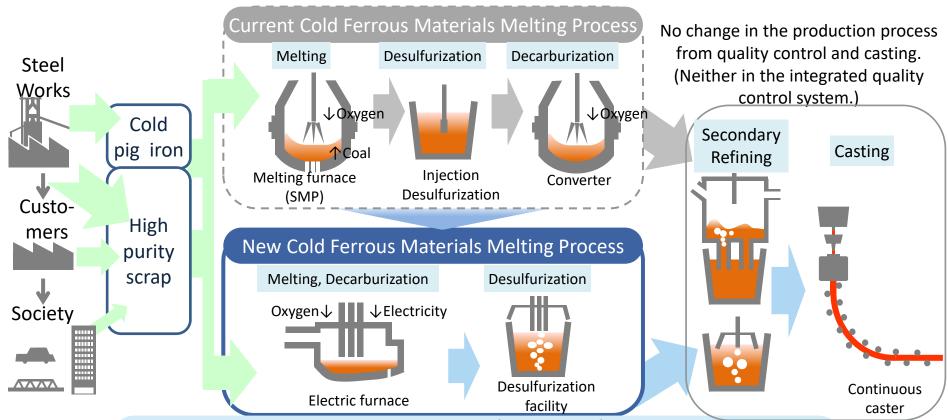


Decided another new CAPEX in Hirohata Works (announced on Nov. 1st, 2019/ amount: approx. JPY 14 bn.) following the CAPEX in Yawata works (announced on Aug. 1st, 2019/ amount: approx. JPY 46 bn.). Respond to an increasing demand for more sophisticated electrical steel sheets; Grain Oriented electrical steel sheets*1 (GO) for transformers etc. and Non Oriented electrical steel sheets*2 (NO) for eco-cars. Further CAPEX plan is ongoing to enhance our capability for electrical steel sheet. The details will be posted once the plan is decided.

Reformation of the Scrap Melting Process in Hirohata Works

Reform current scrap melting process with melting furnace and converter to a new process with an EAF by which steel production can be made with low energy and high flexibility. (Capex: approx. JPY28 bn.) Date of starting the operation: from FY2022 1H (planned).

With such our strength as sophisticated refining technology and easy accessibility to highly purity scrap, Nippon Steel produces high-quality and high-purity flat steel products including electrical steel sheets in the state-of-the-art EAF.



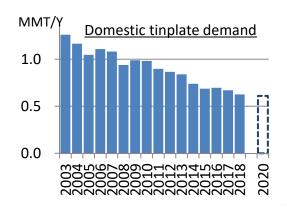
Strengthen total competitiveness by reformation of upstream process and investments for capacity & quality improvement in downstream process

Reinforcement of Tinplate Business

Tinplate Business environment

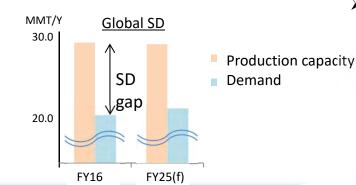
Japan

Demand gradually declining due to the expansion of aluminum and PET as material for cans.



Overseas

Although global demand for tinplate is expected to grow in the future due to population increase and dietary industries growth, the SD gap is expected to last for long periods.



Our Tinplate Business

- Domestic production capacity
 1.20MMT/Y level
 (Yawata,Nagoya,Hirohata)
- Export ratio 70-80% (incl. semi-product shipped to overseas mills)
- Strength in high-quality products with characteristics such as easy-processing, oxidation resistance, superthin, laminated, etc.



Reinforcement of Tinplate Business

Enhance Efficiency

Optimize Order-mix

Decided to close the tinplate mill in Hirohata Works in FY2021 2H. Integrate the production of tinplate to Yawata Works and Nagoya Works.

Hirohata tinplate mill: Annealing (CAL), tinning (ETL), Coating & laminating (NTL), Tempering (TPSL)

Tinning capacity: approx. 0.14MMT/Y

Domestic market: maintain and expand order volume.

Overseas market : concentrate on the customers and sectors to which we can

offer unique products and services with our advanced

technology, quality control, and quick delivery.

Reinforce profit base of tinplate business.



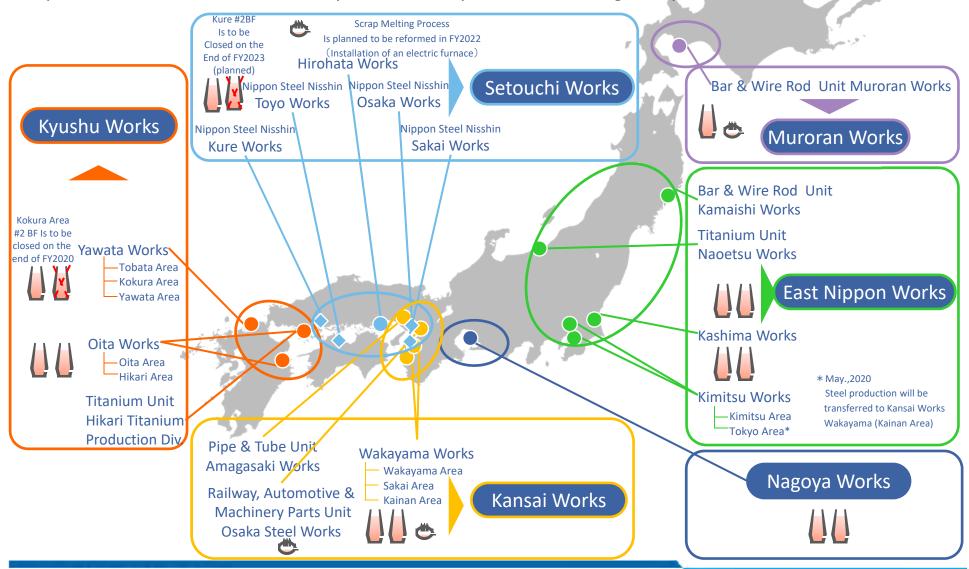
(Adjustment page)

Integration and Reorganization of Steelworks

Blast Furnace

Electric Furnace

as a part of an organizational and operational review to ensure advance in manufacturing capabilities and enhanced autonomy and efficiency of manufacturing workplaces.



Integration and Reorganization of Steelworks

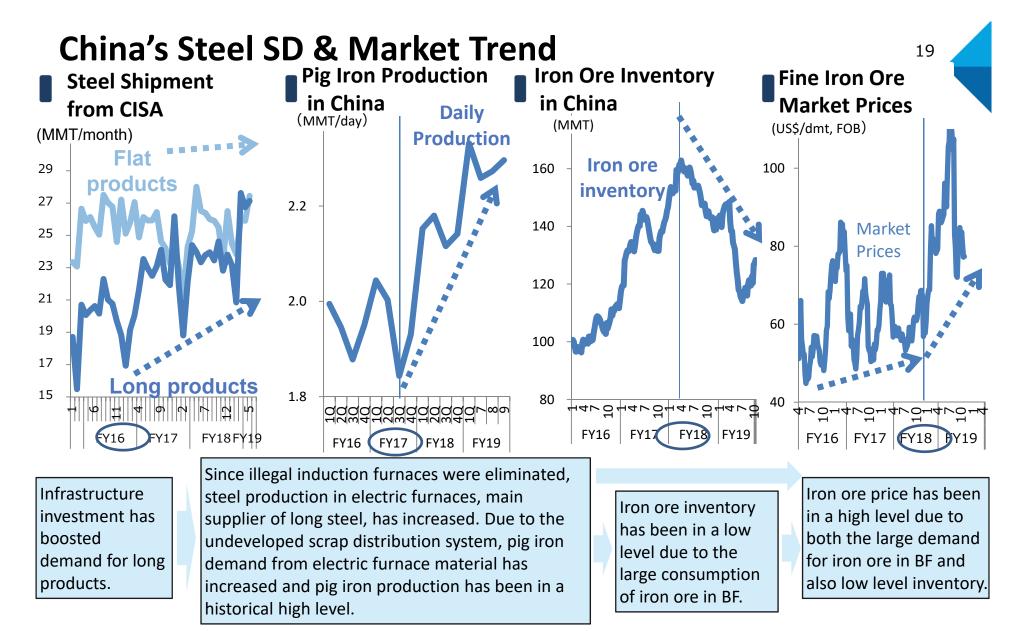
		Currela							Prod	ucts	prod	luce	d						
		Crude Steel	Steel		S	hee	ts		B/W		Pipe			Con	struction			Number of	Site
	Location	Production	Shipment	_	C	:	-	Е		3S			Р		дS	Иас	Tita	Employees	Scale
New Steel Works Name (Current Steel Works Name		FY2018 MMT/Y	FY2018 MMT/Y	Hot coil	Cold coil	GA	Tinplate	Electrical	Wire Bar	Seamless	UO	ERW	Plate	Shape	Spiral Pipe Rail	Machinery	Titanium	At the end of Mar., 2019	(1,000 m ²)
Muroran Works	Muroran City	1.43	1.33						0 0									1,014	7,846
East Nippon Works		15.18	13.03	0	0	0			0	Q	0	0	0	0	0		0	6,912	24,748
〈Kimitsu Works〉	Kimitsu City	8.02	6.90	0	0	0			0	Q.	0	0	0	0	0			3,485	12,220
〈Kashima Works〉	Kashima City	7.16	5.69	0	0	0				· · · · · ·	⁺ 3	0	0	0				2,985	8,885
〈Kamaishi Works〉	Kamaishi City	_	0.42						0									241	3,340
〈Naoetsu Works〉	Joetsu City	_	0.02														0	201	303
Nagoya Works	Tokai City	5.85	4.83	0	0	0	0					0	0					3,153	6,490
Kansai Works		4.36	3.64		0	:				0				0		0		4,975	7,701
〈Wakayama Works〉	Wakayama City, etc.	4.32	3.41		0		<u> </u>			0	<u> </u>			0			l	3,045	6,656
〈Osaka Steel Works〉	Osaka City	0.04	0.19]						0		1,225	527
〈Amagasaki Works〉	Amagasaki City	_	0.04			<u>:</u>				0								705	518
Setouchi Works		3.38	5.18	0	0	0	Q	0										3,330	8,961
〈Hirohata Works〉	Himgeji City	0.65	2.49	0	0	0	Q,	0										1,303	6,198
〈Nisshin Kure Works〉	Kure City	2.73	0.27	0			2											960	1,430
〈Nisshin Osaka Works〉	Osaka City, etc.		0.26		0]								249	104
〈Nisshin Sakai Works〉	Sakai City	_	1.44		0	0]	704	471
⟨Nisshin Toyo Works⟩	Saijo City	_	0.71		0	0												114	758
Kyushu Works		13.53	11.97	0	0	0	0	0	0	0		0	0	0	0		0	5,559	23,900
〈Yawata Works〉	Kitakyushu City	4.78	4.68	0	0	0	0	0	0 0					0	0.0			3,548	16,009
〈Oita Works〉	Oita City, etc.	8.75	7.29	0		:				0		0	0	0			0	2,011	7,891

43.73 Total

*1 Tokyo Area: planned to be transferred to Kansai Works in May, 2020 *2 Hirohata Area: tinplate mill closes in 2021 2H *3 Kashima Area: UO pipe mill closed in Sep., 2019.

Nippon Steel 41.00 + Nippon Steel Nisshin Kure 2.73



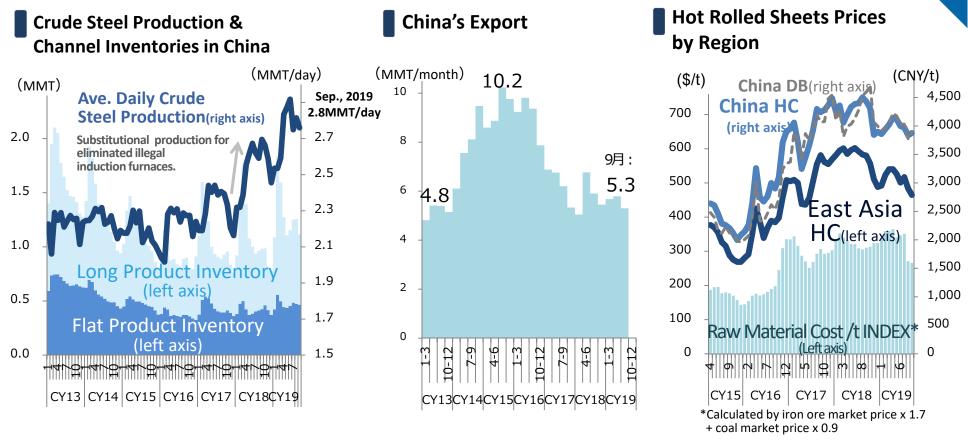


The long products' SD situation stays firm, while flat product market bear a weak tone. The polarization between long & flat prices is anticipated to expand as infrastructure investments gain more momentum.

Source: Steel Home, CISA, Nippon Steel's estimate etc.



China's Steel SD & Market Trend



Crude steel production is at the historical high level.

Inventory has been declining & export volume remains relatively low.

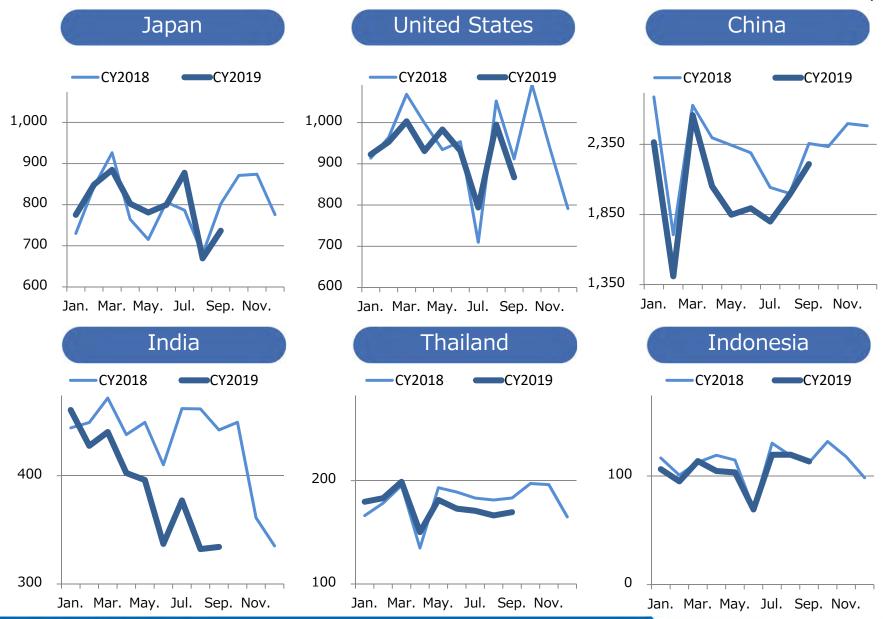
Supported by Chinese gov.'s stimulus measures, SD is balanced.

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

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

Finished Auto Production

(Thousand Units/month)



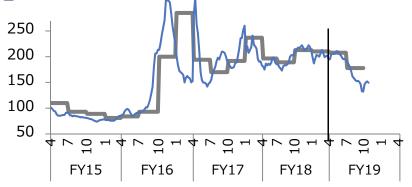
Margin Shrink brought by

"High Raw Material Prices & Low Steel Product Prices"



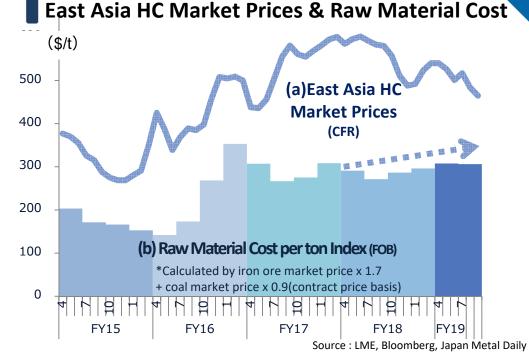
SD of Iron ore has still been in a tight situation due to growing pig iron production in China, though the supply from Vale has been recovered gradually.

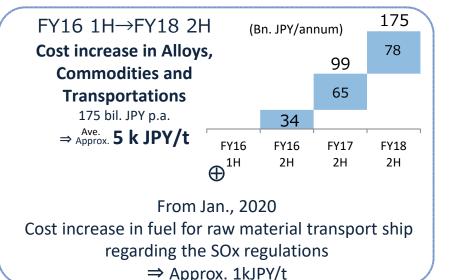
Hard Coking Coal (US\$/wmt, FOB)



SD of hard coking coal has recently been in relaxed situation due to the steady shipment from Australia and relatively weak demand in China affected by the trade war and the gov's environmental regulations.

Close attention must be paid to the risks of price hike in the second half due to the fragile Australian supplying infrastructure (trains and ports) may be damaged by seasonal heavy rain.





FY2019 Forecast [vs. prev.FY2019(f)*] *Prev. FY19(f): As of Aug. 1st, 2019

(bn. JPY)	Prev. FY19(f)* [A]	FY19(f) [B]	Change [A→B]
Business Profit	150.0	100.0	-50.0
<underlying profit=""></underlying>	<141.0>	<147.0>	<+6.0>
Steel	100.0	50.0	-50.0
Non-Steel	54.0	56.0	+2.0
Adjustment	-4.0	-6.0	-2.0

★1 Crude Steel Production: approx.-0.30MMT $(approx.41.00 \rightarrow approx.40.70)$

Excl. One-off Factors: approx. -0.28MMT Prev.FY19(f) excl. One-off Factors: 41.28MMT FY19(f) excl. One-off Factors: 41.00MMT

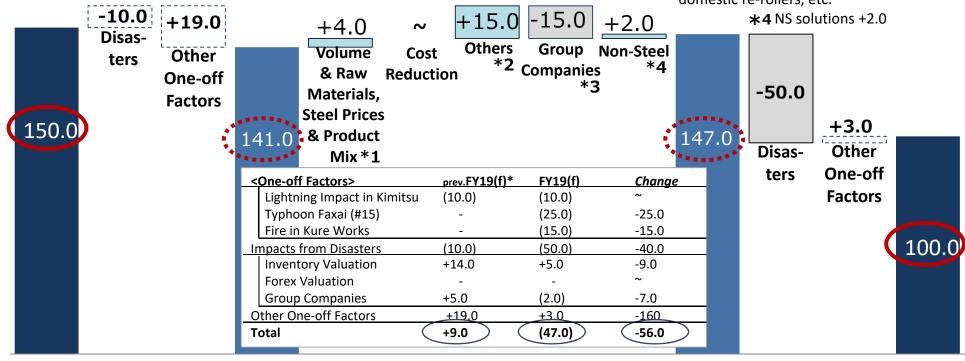
Steel shipment: approx. -0.40MMT (approx.37.80→approx. 37.40)

Excl. One-off Factors: approx.-0.41MMT

Prev. FY19(f) excl. One-off Factors: approx. 37.85MMT FY19(f) excl. One-off Factors: approx. 37.44MMT Incl. change in assumption on raw material prices based on the recent market situation.

*2 Decrease in depreciation, etc.

*3 < Deteriorate > Sanyo, Nippon Steel Nisshin, domestic re-rollers, etc.



Prev. FY19(f)*

Underlying Profit excl. One-off Factors

Underlying Profit excl. One-off Factors

FY19(f)*

FY19(f)

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Business Profit Variance Analysis [FY18 vs. FY19(f)]

	(bn. JPY)	FY18 [A]	FY19(f) 見通し [B]	Change [A→B]
В	usiness Profit	336.9	100.0	-236.9
<1	Jnderlying Proft>	<316.9>	<147.0>	<-169.9>
	Steel	274.6	50.0	-224.6
	Non-Steel	61.1	56.0	-5.1
	Adjustment	1.1	-6.0	-7.1

1/01.....

Total

NIPPON STEEL

Raw

★1 Crude steel production: approx. -0.30MMT (41.00→approx.40.70) Excl. One-off Factors: approx.-0.65MMT FY18 excl. One-off Factors: 41.65MMT FY19(f) excl. One-off Factors: approx.41.00 Steel shipment: approx.-0.57MMT (37.97→approx.37.40) Excl. One-off Factors: approx.-1.38MMT FY18 excl. One-off Factors: 38.82MMT FY19(f) excl. One-off Factors: 37.44MMT

- ***2** Incl. Carry over $+8.0 (8.0 \rightarrow 16.0)$ <Improve> Long-term contractual price (domestic & overseas)
- *3 Domestic spot market prices (incl. time lag for price change penetration) <Deteriorate> Overseas spot market prices & product mix Increase in depreciation, elimination of gain from bargain
- *4 purchase (Sanyo Special Steel), impact from Kashima's UO nine mill closure etc
- hin,

	-35.0 Disas- ters	+55.0 Other		*1 -37.0	Material Prices *2			<lm< th=""><th>e mili ciosu prove> Mir teriorate> :</th><th>nes, Sanyo Stainless l</th><th>ousiness</th><th>, Nippon S</th><th>teel Nissh</th><th>in,</th></lm<>	e mili ciosu prove> Mir teriorate> :	nes, Sanyo Stainless l	ousiness	, Nippon S	teel Nissh	in,
336.9		One-off Factors	316.9			Steel rices & roduct Ro	Cost eductio	-20.0	Group Companie	s Non-Stee -5.0*	∗6 Eng Ch	s, etc. ineering -2 emicals & S solutions	Materials	-4.0,
				Lightni	Factors> latural Disaster ng Impact in Ki on Faxai (#15)	rs (mitsu ^	FY18 (35.0)	FY19 ~ (10.0 (25.0	D)	<i>Change</i> +35.0 - 10.0 - 25.0	147.0	-50.0 Disas- ters	+3.0 Other One-of	100
FY	 18		erlying it excl.	Impacts f	Kure Works rom Disasters ory Valuation Valuation	-	(35.0) +39.0 + 5.0	(15.0 (50.0 + 5.0 ~))	- 15.0 - 15.0 - 34.0 - 5.0		rlying t excl.	Factors	FY19
		One-of	ff factor		Companies e-off Factors		+11.0 +55.0	(2.0	•	- 13.0 - 52.0		f factors		

+20.0

(47.0)

-67.0

Business Profit Variance Analysis [FY19 1H vs. FY19 2H(f)]

	(bn. JPY)	FY19 1H [A]	FY19 2H(f) [B]	change [A→B]
В	usiness Profit	73.1	26.9	-46.2
<1	Underlying Profit>	<94.1>	<52.9>	<-41.2>
	Steel	49.2	0.8	-48.4
	Non-Steel	31.5	24.5	-7.0
	Adjustment	-7.6	1.6	+9.2

★1 Crude steel production: approx.+0.28MMT (20.22→approx. 20.50)

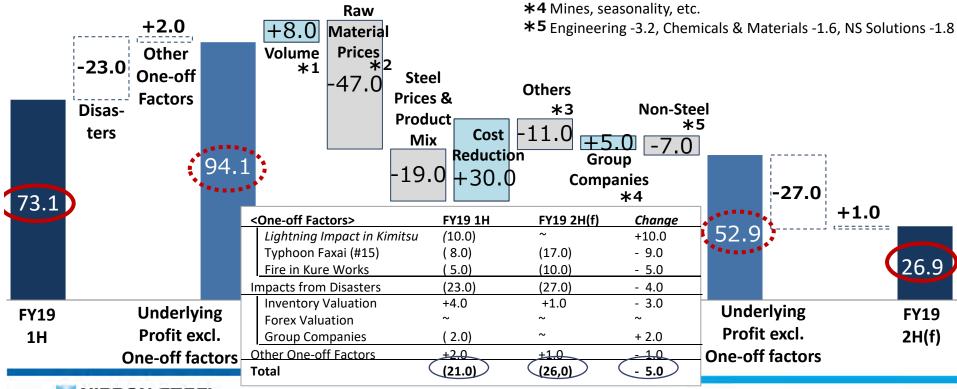
Excl. One-off Factors: -0.42MMT

FY19 1H excl. One-off Factors: 20.72MMT FY19 2H(f) excl. One-off Factors: 20.30MMT Steel shipment: +0.47MMT (18.43→approx.19.00)

Excl. One-off Factors: +0.51MMT

FY19 1H excl. One-off Factors: 18.48MMT FY19 2H excl. One-off Factors: 18.99MMT

- ***2** Incl. Carry over -4.0 (10.0 \rightarrow 6.0)
- *3 Increase in depreciation, Impact from Kashima's UO pipe mill closure, etc.



2. FY2019 2Q Results & Full Year Forecast

FY2019 2Q Results & Full Year Forecast

Financial Highlights (JPY bn.)

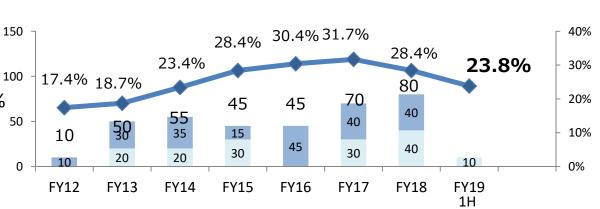
	1H	2H	FY2018	1Q	2Q	1H	2H (f)	prev. FY2019 (f) *4	FY2019 (f)	FY18.1H → FY19.1H	FY18 2H → FY19 1H	FY19 1H → FY19 2H(f)	$ \begin{array}{c} \text{prev.} \\ \text{FY19 (f)} \\ \rightarrow *4 \\ \text{FY19(f)} \end{array} $	FY18 → FY19(f)
Revenue	2,941.5	3,236.3	6,177.9	1,522.4	1,524.7	3,047.1	3,052.9		6,100.0	+105.6	-189.2	5.8		-77.9
Business Profit*1	157.9	178.9	336.9	60.6	12.5	73.1	26.9	150.0	100.0	-84.8	-105.8	-46.2	-50.0	-236.9
Net Profit*2	116.7	134.3	251.1	33.3	5.4	38.7	1.3		40.0	-78.0	-95.6	-37.4		-211.1
EBITDA*3	355.4	390.1	745.5	165.1	119.8	284.9	255.1	600.0	540.0	-70.5	-105.2	-29.8	-60.0	-205.5
ROS	5.4%	5.5%	5.5%	4.0%	0.8%	2.4%	0.9%		1.6%	-3.0%	-3.1%	-1.5%		-3.9%
ROE	7.4%	8.4%	7.9%			2.4%				-5.0%	-6.0%			

Year-end

Interim Dividend

Interim dividend JPY10.00/share

Consolidated interim payout ratio 23.8%



Interim

Payout ratio

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

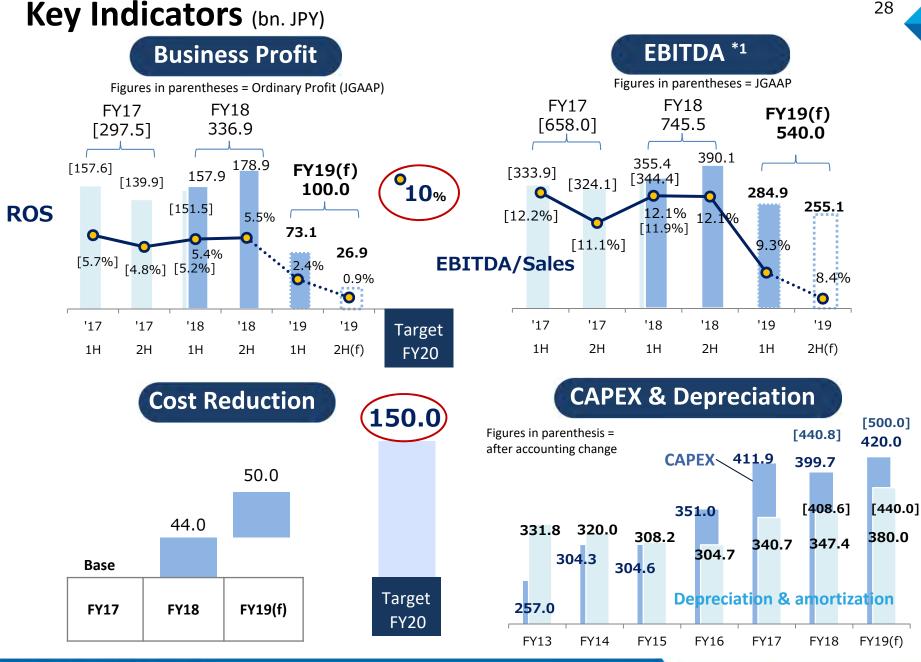
^{*1} Business Profit: Results of sustainable business activities, & the important measure to compare & evaluate Nippon Steel's consolidated performance continuously.

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

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

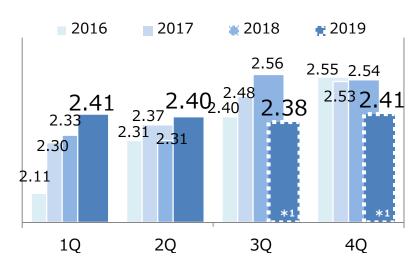
^{*2} Profit attributable to owners of the parent

^{*3} Business Profit + Depreciation + Amortization

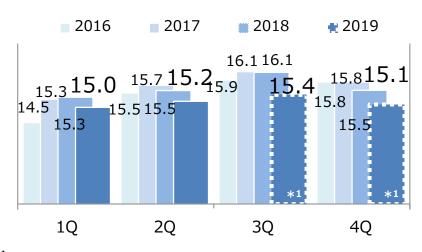


Key Indicators of Domestic Steel Demand

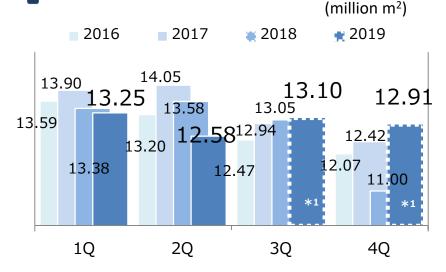
Finished Auto Production (million units)



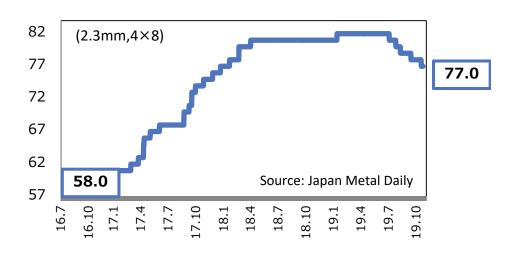
Steel Consumption (MMT)



Non-Residential Construction Starts

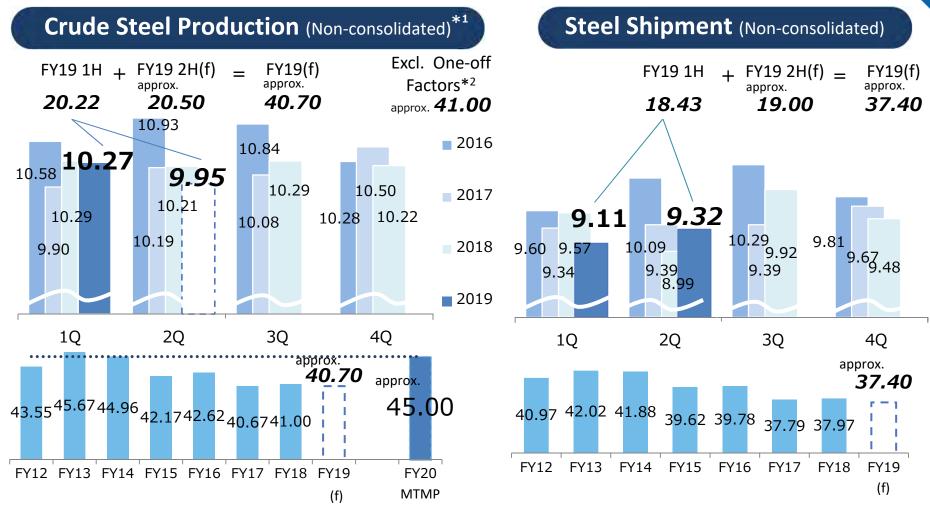


Hot-rolled Coil Market Price (k JPY/t)



*1 Forecasts as of late Sep.2019





2Q's crude steel production 9.95MMT, 1H 20.22MMT \Rightarrow FY19(f) approx. 40.70MMT, excl. One-off Factors approx. 41.00MMT While promoting further recovery of manufacturing capability, we intend to make a shift to further "profitability-oriented production" that put more emphasis on economic rationality in production volume in line with order intake, in accordance with demand slowdown in some of domestic industrial sectors & margin deterioration in exports for spot markets.

Business Profit Variance Analysis [FY19 1H(f) vs. FY19 1H]

	(bn. JPY)	FY19 1H (f) [A]	FY19 1H [B]	Change [A→B]
В	usiness Profit	70.0	73.1	+3.1
<1	Underlying Profit>	<71.0>	<94.1>	<+23.1>
	Steel	50.0	49.2	-0.8
	Non-Steel	27.0	31.5	+4.5
	Adjustment	-7.0	-7.6	-0.6

*1 Crude steel production: approx. -0.28MMT

 $(approx. 20.50 \rightarrow 20.22)$

Excl. One-off Factors: approx. -0.06MMT

FY19 1H(f) excl. One-off Factors: approx. 20.78MMT

FY19 1H excl. One-off factors: 20.72MMT

Steel shipment: approx. -0.47MMT (approx. 18.90→18.43)

Excl. One-off Factors: approx. -0.47MMT

FY19 1H(f) excl. One-off Factors: approx. 18.95MMT

FY19 1H excl. One-off Factors: 18.48MMT

Incl. Carry over -4.0 (14.0 \rightarrow 10.0)

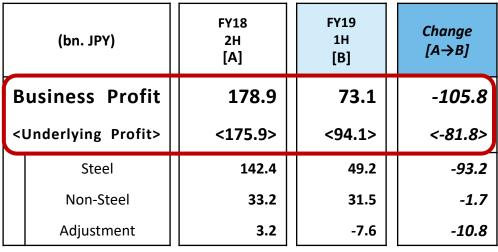
<Improve> Long-term contractual price, etc.

- *2 Time-lag in non-operating expenses, etc.
- *3 <Improve> EAF businesses, overseas companies, etc.

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*4 Engineering +1.2、Chemicals & Materials +1.3. NS Solutions +1.9 -23.0 Cost Group Non-Steel +2.0 -10.0 Reduction +9.0 Others Companies Volume & Other Other Disas-Disas-Raw Materials, One-off One-off ters ters Steel Prices & **Factors Factors** Product Mix 73.1 *1 70.0 <One-off Factors> FY19 1H **FY19 1H** Change Lightning Impact in Kimitsu (10.0)(10.0)Typhoon Faxai (#15) - 8.0 (8.0)Fire in Kure Works (5.0)- 5.0 Impacts from Disasters -13.0(10.0)(23.0)**Inventory Valuation** +2.0 +4.0+2.0 Underlying¹ Underlying **Forex Valuation FY19 FY19** Profit excl. Profit excl. **Group Companies** +7.0 (2.0)- 9.0 1H (f) 1H **One-off factors** Other One-off Factors +9.0 +2.0- 7.0 One-off factors Total (1.0)(21.0) -20.0 NIPPON STEEL

Business Profit Variance Analysis [FY18 2H vs. FY19 1H]



★1 Crude steel production: -0.28MMT (20.50 \rightarrow 20.22)

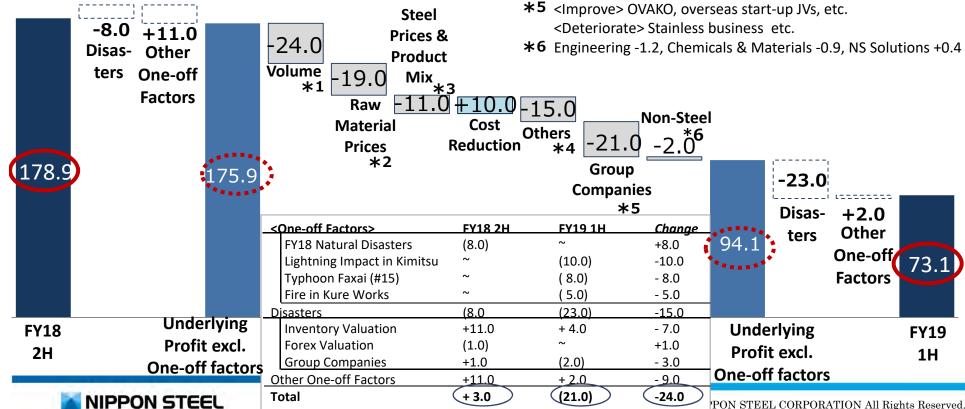
Excl. One-off Factors: +0.07MMT

FY18 2H excl. One-off factors: 20.65MMT FY19 1H excl. One-off factors: 20.72MMT Steel shipment: -0.98MMT (19.41 \rightarrow 18.43)

Excl. One-off Factors: -1.08MMT

FY18 2H excl. One-off Factors: 19.56MMT FY19 1H excl. One-off Factors: 18.48MMT

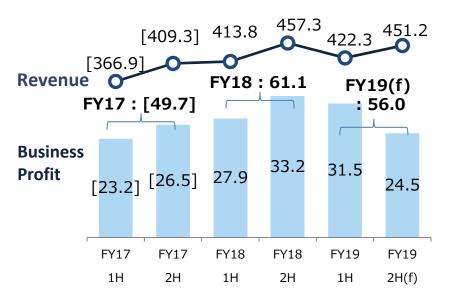
- ***2** Incl. Carry over +1.0 (9.0 \rightarrow 10.0)
- *3 Deterioration in metal margin of exports for overseas spot market & product mix
- ***4** Elimination of gain from bargain purchase (Sanyo Special Steel), etc.
- **★5** <Improve> OVAKO, overseas start-up JVs, etc. <Deteriorate> Stainless business etc.



Non-Steel Businesses (bn. JPY)

Revenue & Business Profit (3 Non-steel businesses total)

Figures in parentheses = JGAAP basis (Sales, Ordinary profit)



Change in Business Profit (FY18 vs. FY19(f))

Engineering & Construction	Profit is estimated to decline because of material cost hike. Focusing on project management to minimize the profit drop .
Chemicals & Materials	Profit decline is projected due to chemical products margin decline and functional material's sales volume down etc.
System Solutions	Revenue and profit will increase due to major deals supported by customers' robust IT investments

Engineering &	20	18	20	FY18→	
Construction	1H	FY	1H	FY(f)	FY19(f)
Revenue	161.3	356.7	157.9	340.0	-16.7
Business Profit	3.1	9.4	5.1	7.0	-2.4
Chemicals	2018		20	FY18→	
& Materials	1H	FY	1H	FY(f)	FY19(f)
Revenue	125 9	247 0	114 1	240.0	-7.0

Chemicals	20	18	20	FY18→	
& Materials	1H	FY	1H	FY(f)	FY19(f)
Revenue	125.9	247.0	114.1	240.0	-7.0
Business Profit	12.7	25.0	11.3	21.0	-4.0

System	2018		20	FY18→	
Solutions	1H	FY	1H	FY(f)	FY19(f)
Revenue	126.6	267.5	150.2	293.5	+26.0
Business Profit	12.0	26.5	14.9	28.0	+1.5

3. Progress in 2020 Mid-Term Management Plan

2020MTMP: Strengthen Manufacturing Capabilities Legend: New info

*BF = Blast Furnace

, , , , , , , , , , , , , , , , , , , ,						
Action	Publication	~FY17	FY18	FY19	FY20	FY21~
(Wakayama) BF Switch Mar.18		★ Mid-Feb. 19 : Switch from 5BF to New 2BF				
(HOKKAI IRON & COKE CORP. in Muroran) Reline 2BF	Nov.18	CY20 2H : Completion				
(Yawata) Optimize Upstream Tobata - Start new continuous casting to Kokura - Close upstream process Tobata - Close continuous casting facility	★ May.19 : Completion ★ End of FY20 : full-scale operation End of FY20 : Close ★ End of FY20 : Close					
(NIPPON STEEL NISSHIN Kure)	Jul. 17	TOTISHIAN INICHACA TO CIOSC ZDI				Close 2BF after 1BF's relining
Close 2BF, Reline & expand 1BF			at th	c cha or i i i	.5)	End of FY23: Expansion
(Kimitsu) 5 Coke Oven Refurbishment	Apr.16	★ Feb 19 : Completion				
(Hokkai) 5 Coke Oven Refurbishment	Jun.17			★ Sep 19	: Completion	
(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 W				
(Kashima) Close UO Pipe Mill	May. 19	★ End of Oct.19 : Closed & transferr its production to Kimitsu				
Electrical Steel Sheets					Curth or CADEV	Jan is angaing the
Investments for capacity & quality improvement		Further CAPEX plan is ongoing, the details will be posted once it's decided.				osted once it's decided.
Step 1: Yawata	Aug. 19	★ Aug., 19: CAPEX decision in Yawa				decision in Yawata
Step 2: Hirohata	Nov. 19	★ Nov. 19: CAPEX decision in Hirohata				
(Hirohata) Close Tinplate Mill	Nov. 19	★ Nov. 19:Decision ★ FY21 2H : Clos				
(Hirohata) Scrap Melting Process	Nov. 19			*I	Nov. 19:Decisio	FY22 1H : Completion

35

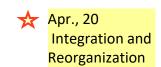
2020MTMP: Global Business Development & Domestic Realignment

Action	Publi- cation	~FY17	FY18	FY19	FY20		
NIPPON STEEL NISSHIN							
Becoming our subsidiary, our wholly owned subsidiary		 ★Mar.,17: Nisshin became our subsidiary (8→51%) ★ Dec. 26th, 18: Nisshin delisted from Tokyo Stock Exchange ★ Jan. 1st, 19: Nisshin became our 100% subsidiar 					
Merger	Oct.,19			★ <mark>Oct.,1</mark>	9 : Announcement Apr.,20 : Merger		
Integrations of group compani	es						
Stainless sheets business	May.,18		★ May.,18 : Basic agreement	★ Apr.,19 : "NIPPON S STAINLESS	STEEL STEEL" started		
Stainless Pipe&Tube business	S Aug.,18		★ Aug.,18 : Basic agreemei	★Apr.,19: "NIPPON S nt STAINLESS STE	TEEL EL PIPE" started		
Realignments of steel makin engineering & maintenance (Business integration of NIPPON & NIPPON STEEL NISSHIN KOKI)	companie I STEEL TEX			★ Jun.,19 : Ba	sic agreement ★ Jul.,20: Integration		
Realignments of logistic com (Business integration of NIPPON & NIPPON STEEL NISSHIN LOGIS	STEEL LO	GISTICS Publication Nov.,19			9: Basic agreement Apr.,20: Integration		
Realignments of Trading Firms	Sep.18			ec.18 : Nihon Teppan b Ibsidiary	ecame NSSB's*		
Nihon Teppan Nisshin Stainlesss Steel Trading	*NSSB : Nippo	on Steel & Sumikin Bussan Corpora on Steel & Sumikin Coated Sheet C	ation, rig	ec.18: Nihon Teppan Sights transferred & consainless Steel Trading	tainless 's commercial olidated to Nisshin		
Tokai Color	-	I		•	came NISC's* subsidiary		

2020MTMP : Global Business Development & Domestic Realignment

Action	Publi- cation	~FY17	FY18	FY19	FY20
Essar Steel	Mar.18	★ Mar.1 Basic agree	CoC declared AN		oroved by NCLT. Court's hearing is
Special Steel Business Ovako Sanyo Special Steel	Mar.18 Aug.18		★ Jan ★ Fe	came our 100% subsidi .19 : Approval from JFT us making Sanyo s eb. 19 : Sanyo's Extraor shareholder's n lar. 19 : Sanyo became vako became Sanyo's 1	C regarding subsidiary dinary general neeting our 51% subsidiary &
Integration and Reorganization of Steel Works	Nov.19				

as a part of an organizational and operational review to ensure advances in manufacturing capabilities and enhanced autonomy and efficiency of manufacturing workplaces.



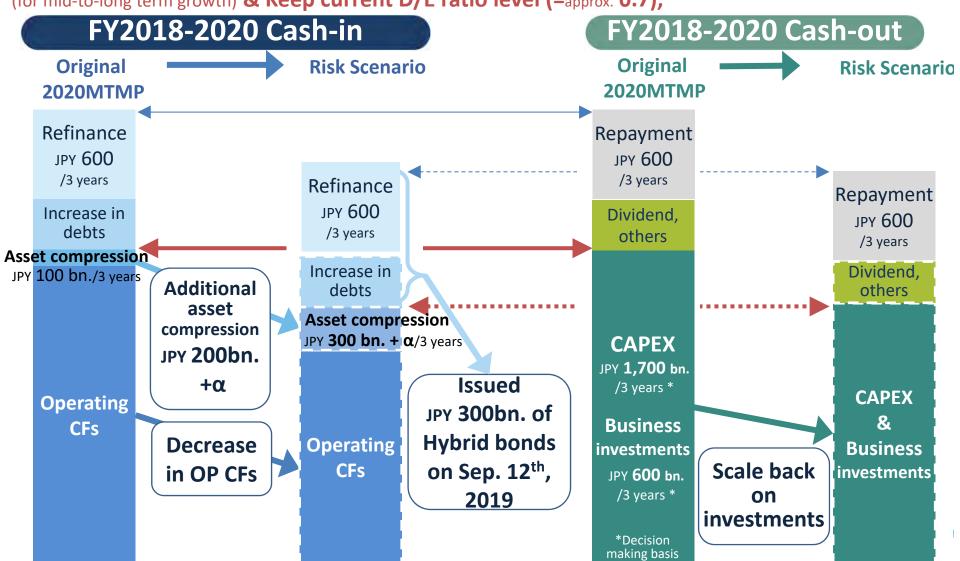
2020MTMP: Other Measures

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		★Jan.1 "Our	blished "NIPPON STEEL Choose 19: Established "NSafe"-Aut Mission, Designing the Future	oConcept" of Automobiles "						
Utilizing Advanced IT in Steelmaking Process	★ Apr. 16 : NSSO ★ Apr. 17 : Newly	y-created "Advanced Appl L newly-created "IoX Solut y-created "Information Sec	19: Exhibited in AUTOMOT ication Technology Plannin tion Business promotion Decurity Management Dept." The St. Development Center's	g Dep." ep."						
J	 ★ Oct.17 : NSSOL newly-created "AI Research & Development Center" ★ Apr.18 : Newly-created Intelligent Algorithm Research Center ★ Sep.18 : Company-wide Safety Support Project (Installment of smart devices to manufacturing front-lines) 									
Contributing to Achieving Sustainable Society (ESG & SDGs)		cycle invent	cory calculation methodolo Apr.19: The 5 th 24 hour in- Hirohata Works (Oita, Kimi Apr. 19 Trial implementatio Apr. 19 Set the direction of May. 19: Express our suppo Jun.19: Selected fo "FTSE Blossom Japa ESG Investment 2 y Sep., 19: Beve Award in Eco	d (ISO 20915) regarding Life gy for steel products house nursery in tsu, Yawata, Nagoya, <u>Hirohata</u>) on of teleworking retirement extension ort for recommendations of TCFD or "FTSE4Good Index Series" & an Index", Leading Indices for						

Cash Management

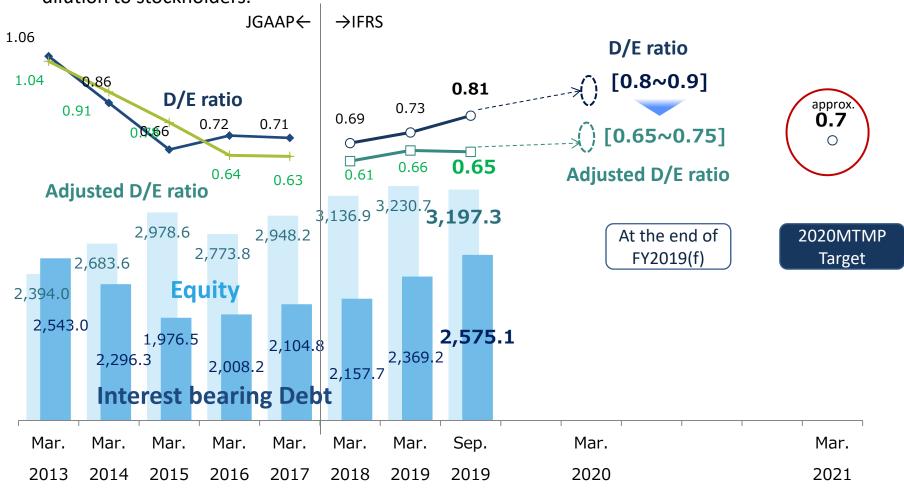
We execute the essential strategic investments timely and appropriately while adhering to our original cash management policy;

Operating CFs + Asset compression ≥ CAPEX (to rebuild manufacturing capability)+ Business Investment (for mid-to-long term growth) & Keep current D/E ratio level (=approx. 0.7),



Issue of Hybrid Bonds (JPY 300 bn.)

- > Purpose and background of the issue: To finance the acquisition of Essar Steel and other growth investment projects based on 2020 MTMP while maintaining financial health.
- > 50% of the funds is deemed as equity for the purpose of agencies' rating, while not causing dilution to stockholders.



Beverly®Unit Won the Excellence Award in EcoPro 2019 (Japanese preeminent environmental exhibition) 41

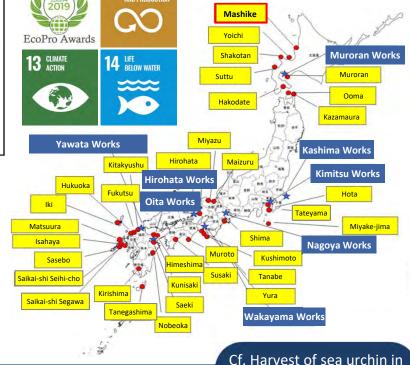
Provides iron ions, which are required for growing seaweeds, in the form of humic acid iron. (Sea desertification, a problem of the sea bed losing ability to support life due, in the case of Japan, to a decline in kelp, brown seaweed, and other varieties of seaweed, is happening along about 5,000 km of the coast in various parts of Japan.

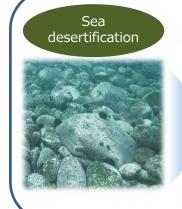
How Beverly@Unit is Used

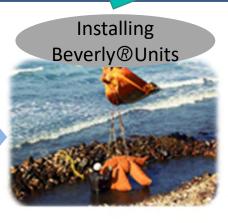




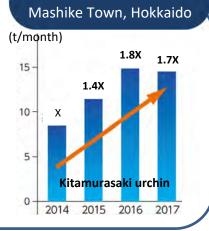












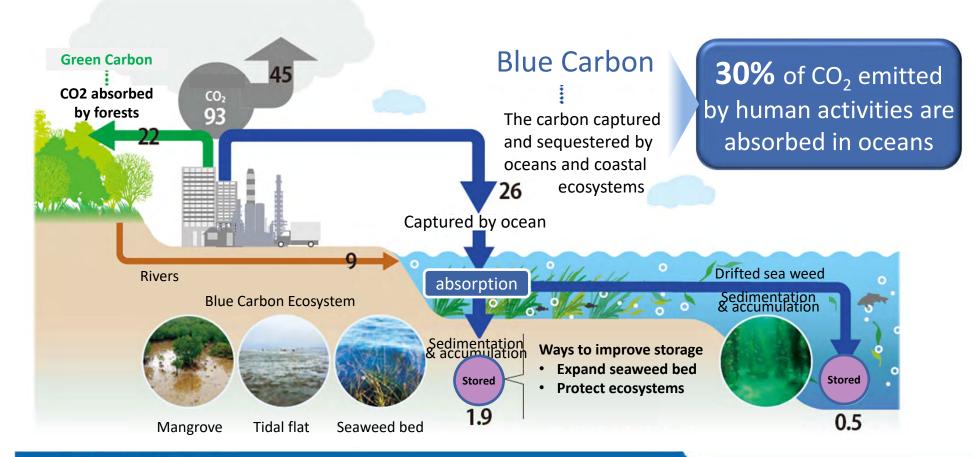


"Blue Carbon" by "Creation of Sea Forests"

Effects of seaweed bed regeneration

Increase in fish catch→ Economic growth

Absorption and sequestration of CO₂
 → Contribution to prevent global warming



4. Appendix

(Appendix) Global Steel Cycle

- World steel demand will continue to grow under growing population and economic growth in emerging countries and realization of SDGs.
- > The use of scrap in steel making process will increase as a result of increased generation of end-of-life scrap due to expansion of the amount of total steel stock

But scrap recycle alone can not meet steel demand and production from the natural resource is essential for the expansion of steel stock

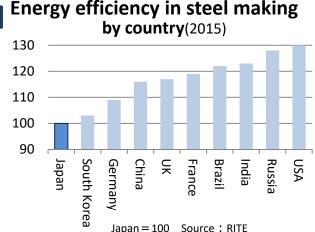


Nippon Steel will respond to growing steel demand for the realization of sustainable and affluent society, and will contribute to global warming countermeasures, with a steel material circulation system by the combination of blast furnace with the world's highest energy efficiency and scrap recycling.

Nippon Steel: No.1 Scrap Consumer in Japan

Scrap Consumption (2018)

Nippon Steel: 15 MMT/Y All Japan: 43 MMT/Y



Global Crude Steel/ Pig Iron Production (Predicted) (Bn.T/Y)

1.4

2010

2015

Japan Iron and Steel Federation

worldsteel

1.1

2005

Source: ~2018

0.8

Crude steel production 2.7

Pig iron production

1.6

Operational Highlights

Forecasts are rough figures .

		FY	'18				FY19		Change					
(MMT)	2Q	1H	2H		2Q	1H	1H (f) _{*1}	2H (f) _{*2}	(f) *2	FY18 1H → FY19 1H	FY19 1H(f) → *1 FY19 1H	FY19 1H → FY19 2H(f) *2	FY18 → FY19(f) *2	
Non-Consolidated Pig-iron Production	10.24	20.49	20.37	40.86	10.18	20.52	21.20	20.80	41.30	+0.71	-0.68	+0.28	+0.44	
Consolidated Crude Steel Production	11.76	23.65	24.19	47.84	11.81	24.26	24.50	24.50	48.70	+0.61	-0.24	+0.24	+0.86	
Non-Consolidated Crude Steel Production	10.21	20.50	20.50	41.00	9.95	20.22	20.50	20.50	40.70	-0.28	-0.28	+0.28	-0.30	
Non-Consolidated Steel Shipments	8.99	18.56	19.41	37.97	9.32	18.43	18.90	19.00	37.40	-0.13	-0.47	+0.57	-0.57	
Seamless Pipe Shipments	0.22	0.47	0.56	1.03	0.26	0.49	0.50	0.50	0.99	+0.02	-0.01	+0.01	-0.04	
Average Steel Selling Price (k JPY/ton)	90.2	88.7	91.2	89.9	87.8	87.9	88	86	87	-0.8	-0.1	-2	-3	
Steel Export Ratio (Value basis (%))	41.2	40.9	38.6	39.7	40.8	40.4	41	39	40	-0.5	-0.6	-1	+0	
Forex (USD•JPY)	111	109	112	111	108	109	110	110	110	Depreciate 0	Appreciate 1	Depreciate 1	Appreciate 1	

^{*1} Forecasts as of Aug. 1st, 2019

^{*2} Forecasts as of Nov. 1st, 2019



Key Indicators of Demand

		FY	18				FY19			Change				
[Domestic]	2Q	1H	2H		2Q	1H	1H(f) *1	2H(f) *2	(f) *2	FY18 1H → FY19 1H	FY19 1H(f) → *1 FY19 1H	FY19 1H → FY19 2H(f)	FY18 → FY19(f)	
Housing Starts (mil. houses)	0.25	0.49	0.46	0.95	0.23	0.47	0.47	0.43	0.90	-0.02	-	-0.04	-0.05	
Non-residential Construction Starts (mil. m²)	13.58	26.97	24.05	51.02	12.58	25.83	26.47	26.01	51.84	-1.14	-0.65	+0.19	+0.82	
Public Works Orders (bn. JPY)	2,826	4,735	5,511	10,246	2,950	5,148	5,000	5,552	10,700	+413	+148	+404	+454	
Finished Auto Production (mil. units)	2.31	4.63	5.11	9.74	2.40	4.81	4.92	4.79	9.60	+0.18	-0.11	-0.03	-0.14	
Export of Finished Auto (mil. units)	1.15	2.35	2.51	4.86	1.20	2.40	2.34	2.35	4.75	+0.05	+0.06	-0.04	-0.11	
Overseas Auto Production (8 Japanese car makers) (mil. units)	4.77	9.65	9.61	19.25	4.49	9.10				-0.55				
Large & Middle Sized Shovel Production (thousand units	19	39	47	86	20	43	43	38	81	+4	-	-5	-5	
Metal Machine Tool Production (thousand tons)	111	220	218	438	93	187	187	194	381	-32	+1	+6	-57	
Keel-laid New Ships (mil. gross tons)	2.87	5.79	5.67	11.45	2.80	5.70	5.90	5.50	11.20	-0.09	-0.20	-0.20	-0.25	

	Rig Count	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	Lat	est	Pe	ak	Bot	ttom
US	5A	1,546	1,875	1,919	1,761	1,862	977	510	875	1,032	855	(Oct.19)	2,031	(Sep.08)	404	(May.16)
	Deep well (≧15,000ft)	249	395	324	326	354	205	126	222	230	214	(Oct.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	1,131	(Sep.19)	1,382	(Jul.14)	920	(Oct.16)

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

*1 Forecasts as of late Jun. 2019

*2 Forecasts as of late Sep. 2019



Domestic Steel Consumption by Industrial Sector

		FY	18				FY19		FY19					
(MMT)	2Q	1H	2Н		2Q	1H	1H(f)*1	2H(f) _{*2}	(f) _{*2}	FY18 1H → FY19 1H	FY19 1H(f) → *1 FY19 1H	FY19 1H → FY19 2H(f) *2	FY18 → FY19(f) *2	
Crude Steel Production	25.65	52.22	50.67	102.89	24.55	50.66	51.99			-1.56	-1.33			
Domestic Steel Consumption (A + B)	15.54	30.86	31.48	62.34	15.21	30.24	30.87	30.46	60.70	-0.63	-0.64	+0.22	-1.65	
% for manufacturing sector	64.0	64.5	64.6	64.6	63.8	64.4	64.4	63.7	64.0	-0.2	-0.1	-0.7	-0.6	
Ordinary Steel Consumption (A)	12.25	24.30	24.95	49.25	12.06	23.92	24.42	24.11	48.04	-0.38	-0.49	+0.19	-1.22	
Construction	5.39	10.56	10.73	21.29	5.30	10.38	10.58	10.66	21.04	-0.18	-0.21	+0.28	-0.25	
Manufacturing	6.85	13.74	14.23	27.97	6.76	13.55	13.83	13.45	27.00	-0.19	-0.29	-0.10	-0.97	
Shipbuilding	0.96	1.95	1.92	3.87	0.94	1.91	2.00	1.86	3.77	-0.04	-0.09	-0.05	-0.10	
Automotive	2.76	5.51	5.86	11.37	2.81	5.60	5.67	5.51	11.11	+0.09	-0.07	-0.10	-0.26	
Industrial Machine	1.28	2.57	2.62	5.19	1.21	2.45	2.48	2.44	4.89	-0.12	-0.03	-0.01	-0.30	
Electronic Machine	0.77	1.52	1.55	3.07	0.72	1.43	1.47	1.46	2.89	-0.09	-0.05	+0.04	-0.18	
Special Steel Consumption (B)	3.29	6.56	6.53	13.09	3.15	6.31	6.46	6.35	12.66	-0.25	-0.14	+0.04	-0.43	
Steel Imports	1.48	3.12	3.60	6.72										
Steel Exports	8.84	17.99	7.54	34.45										

Source : Nippon Steel's estimation



^{*1} Forecasts as of late Jun. 2019

^{*2} Forecasts as of late Sep. 2019

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

[]: IMF's Outlook as of Jul. 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	[3.2]	3.0	[3.5]	3.4
Developed Countries	0.5	-3.4	3.2	1.7	1.2	1.4	1.9	2.1	1.7	2.4	2.2	[1.9]	1.7	[1.7]	1.7
USA	0.4	-2.6	3.0	1.8	2.3	2.2	2.4	2.6	1.5	2.4	2.9	[2.6]	2.4	[1.9]	2.1
EU27	0.6	-4.1	1.9	1.5	-0.7	-0.4	0.9	2.0	1.8	2.5	1.9	[1.3]	1.2	[1.6]	1.4
Japan	-1.2	-6.3	4.4	-0.6	1.5	1.6	0.0	1.1	0.9	1.9	0.8	[0.9]	0.9	[0.4]	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	[4.1]	3.9	[4.7]	4.6
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]	6.1	[6.0]	5.8
India	7.3	6.8	10.6	6.3	4.7	6.9	7.2	8.0	7.1	7.2	6.8	[7.0]	6.1	[7.2]	7.0
Russia	5.6	-7.8	4.3	4.3	3.4	1.3	0.7	-2.8	-0.2	1.6	2.3	[1.2]	1.1	[1.9]	1.9
Brazil	5.1	-0.6	7.5	2.7	1.0	2.7	0.1	-3.8	-3.5	1.1	1.1	[0.8]	0.9	[2.4]	2.0

Source : IMF



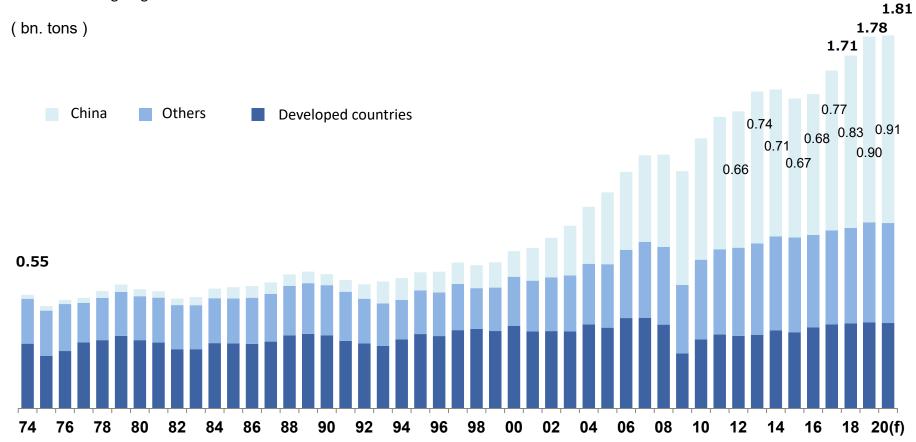
World Steel Demand

< Released in Oct. 2019 by World Steel Association >

[]: Previous forecasts as of Apr. 2019

< CY16 > < CY17 > < CY18 > < CY19(f) >< CY20(f) >World 1.60 1.50 1.58 1.71 1.78 1.81 **Total** [1.71] [1.74] [1.75]

*FY16~: including illegal induction furnaces



Source: World Steel Association, Apparent finished steel consumption



World Crude Steel Production

	CY18			СҮ	19			CY19	
(MMT)	[A]	Jan - Jun	Jul	Aug	Sep	Jul - Sep	Jan Sep. [B]	[C] (B*12/9)	Change [A] →[C]
World *	1,790.3	927.2	156.2	156.0	151.5	463.7	1,391.0	1,854.6	+64.3
Total [YoY]	[4.6%]	[5.4%]	[1.3%]	[3.3%]	[-0.1%]	[1.5%]	[4.1%]		
Japan	104.3	51.1	8.4	8.1	8.0	24.5	75.6	100.8	-3.5
[YoY]	[-0.3%]	[-3.6%]	[-0.4%]	[-7.8%]	[-4.5%]	[-4.3%]	[-3.8%]		
Korea	72.5	36.4	6.0	5.9	5.7	17.7	54.1	72.2	-0.3
[YoY]	[2.0%]	[1.1%]	[-2.1%]	[-2.6%]	[-2.7%]	[-2.5%]	[-0.1%]		
USA	86.6	44.3	7.4	7.4	7.1	21.9	66.2	88.3	+1.7
EU28	167.7	84.4	13.2	11.5	13.4	38.1	122.5	163.3	-4.4
Russia	72.1	36.4	6.1	5.8	5.6	17.4	53.8	71.7	-0.4
Brazil	35.4	17.2	2.4	2.5	2.4	7.4	24.6	32.8	-2.6
India	109.3	57.0	9.4	8.9	9.0	27.2	84.2	112.3	+3.0
China	924.3	491.6	85.2	87.3	82.8	255.2	746.8	995.7	+71.5
[YoY]	[6.1%]	[10.2%]	[4.9%]	[8.6%]	[2.4%]	[5.3%]	[8.4%]		

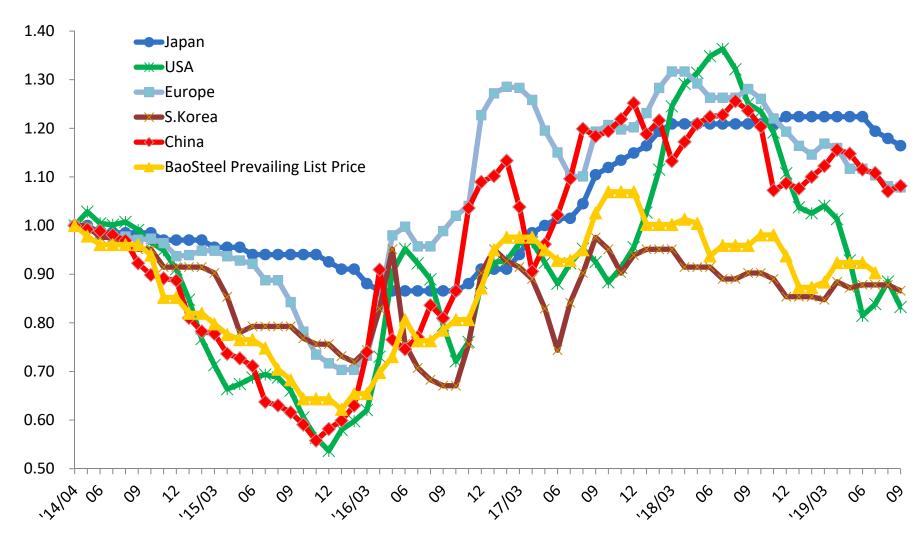
Source: World Steel Association

*Total of 64 countries



Hot Rolled Sheets Prices by Region

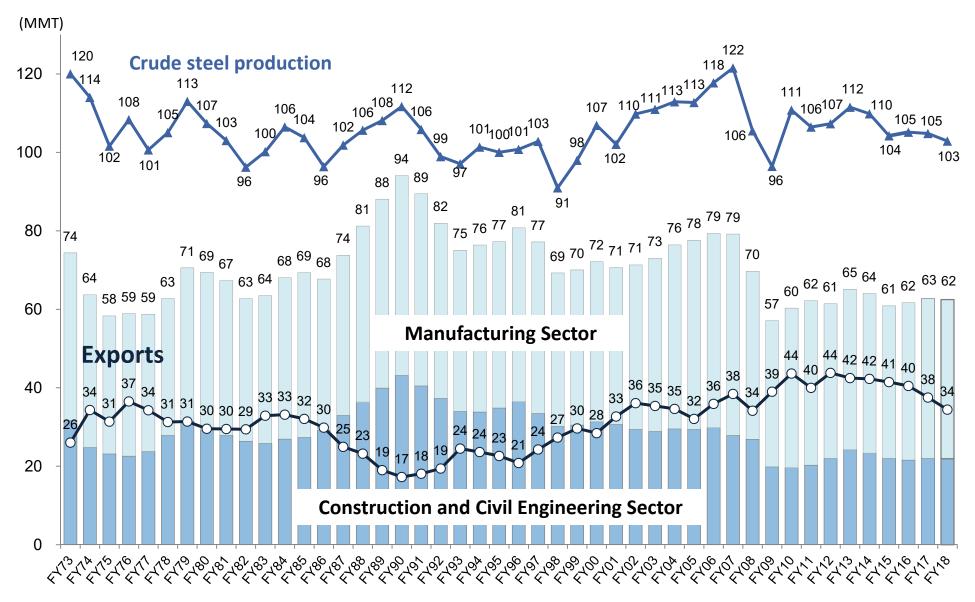
(Prices of Hot Rolled Sheets in Local Currency as of Apr. 2014=1.0)



Source : The Japan Iron and Steel Federation



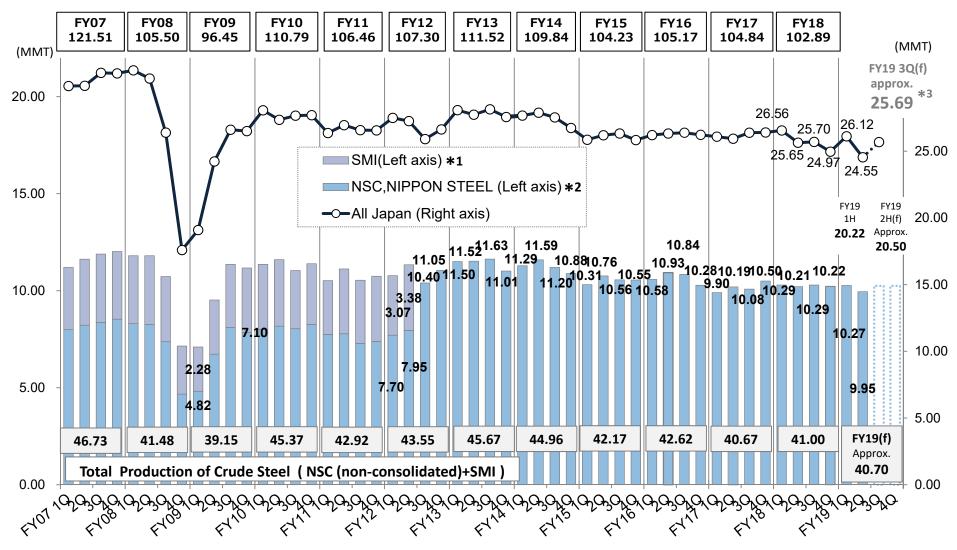
Domestic Steel Consumption Trend



Source: Nippon Steel

Domestic Crude Steel Production

All Japan (MMT)



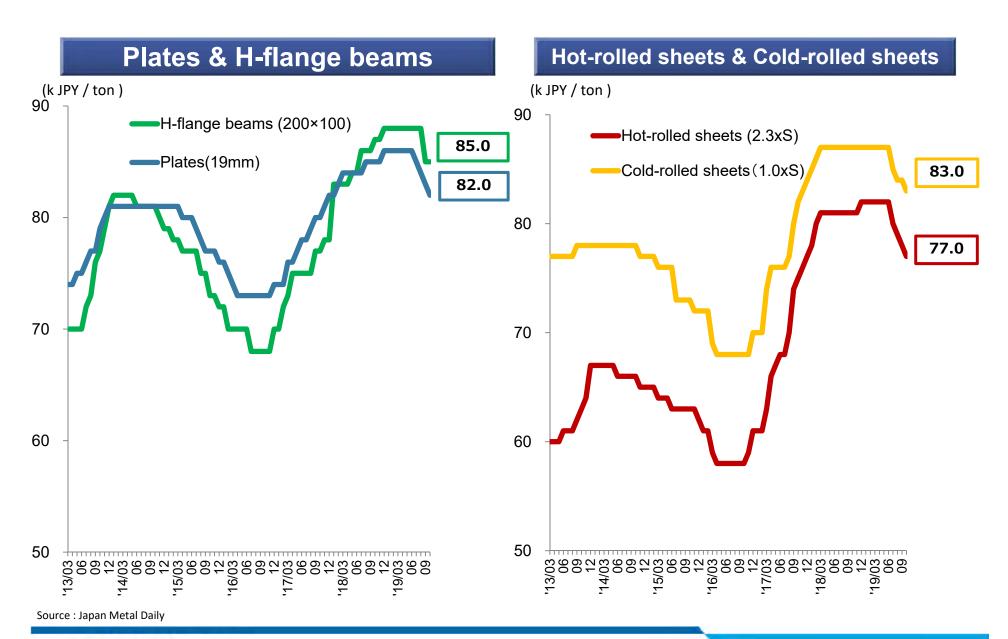
*1 Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co. *3 Domestic Crude Steel Production of

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

FY19 3Q(f) released by METI



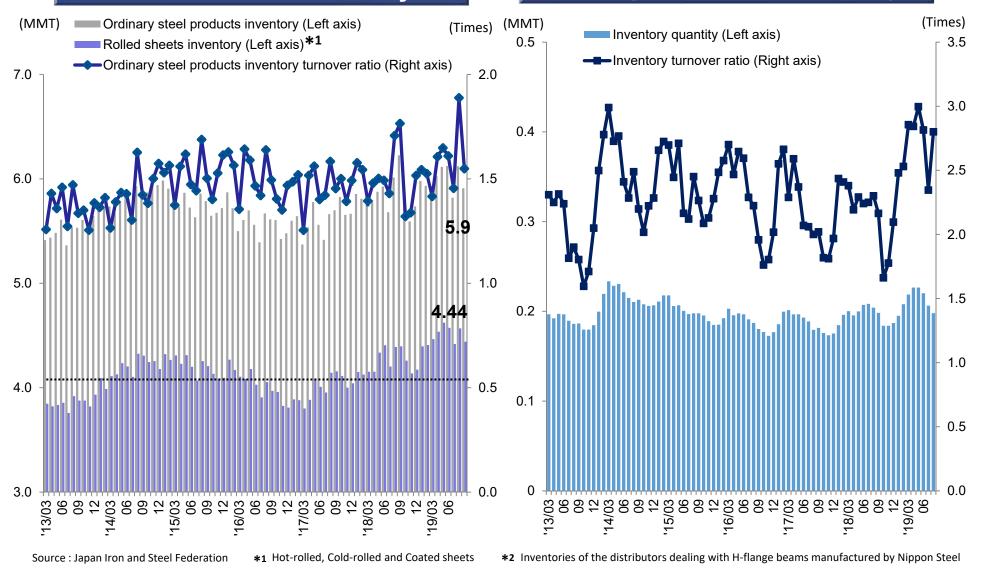
Domestic Steel Products Prices



Domestic Steel Inventory

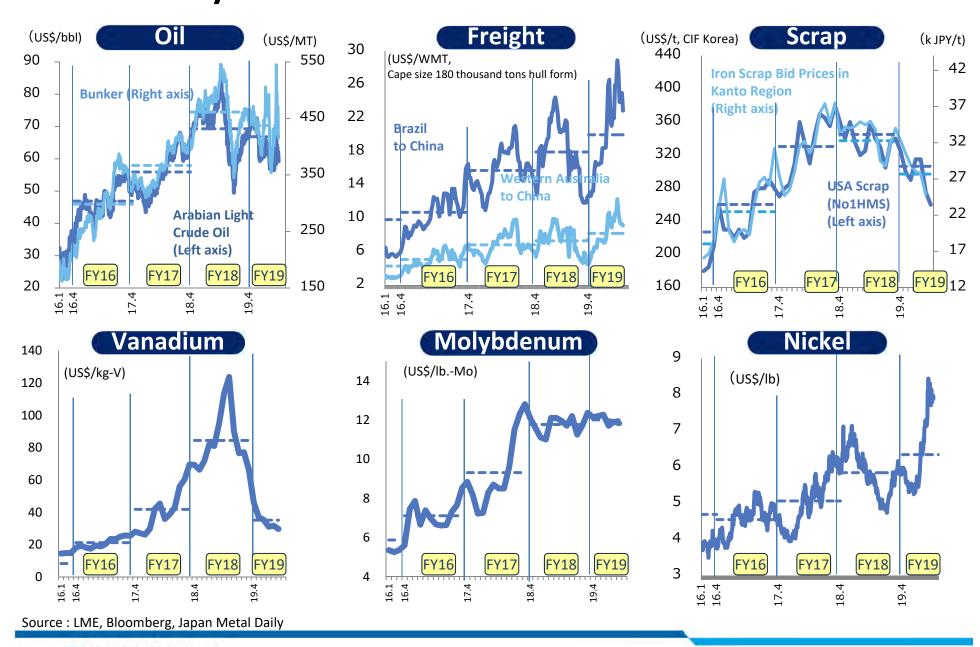
Rolled Sheets Inventory *1

H-flange beams*2 Inventory

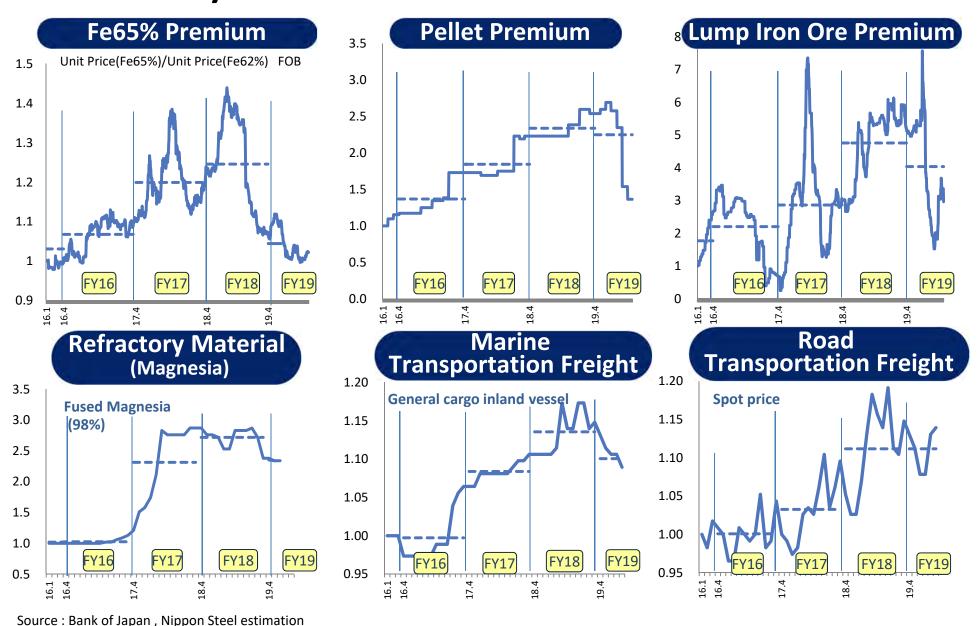


Commodity Prices Hike 1

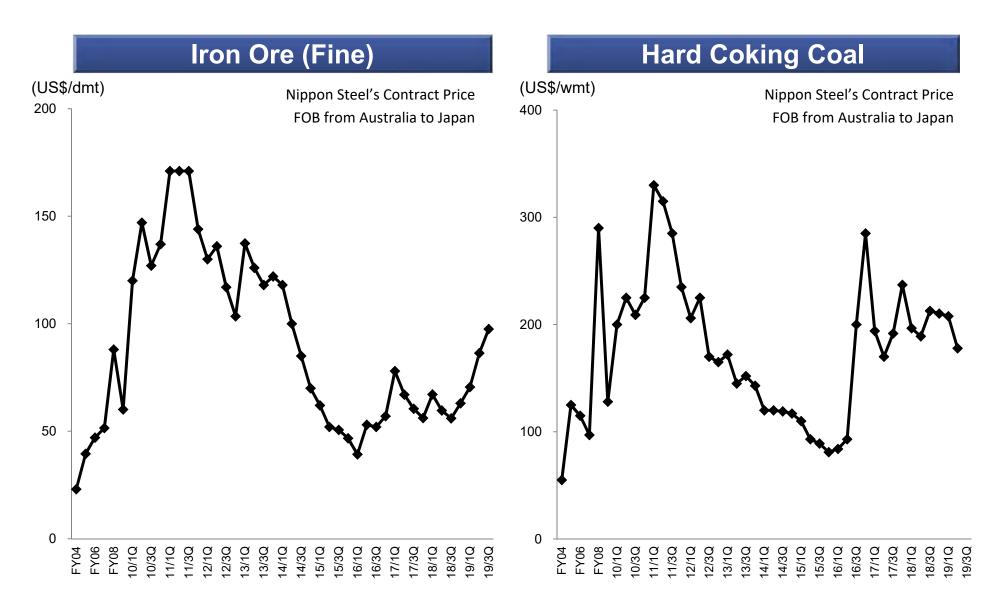
(Dot lines = each fiscal year's average)



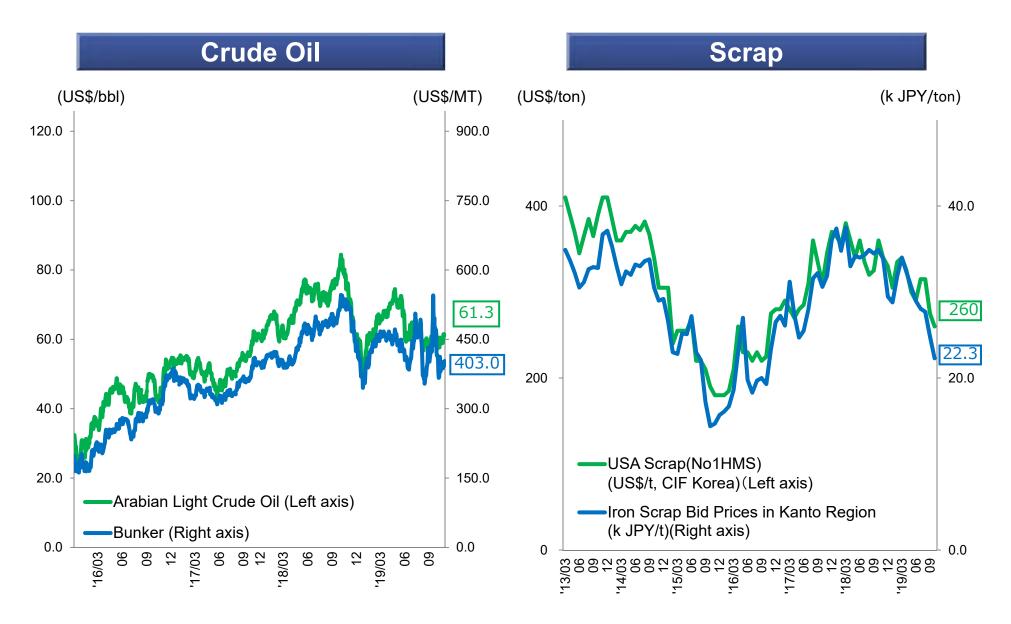
Commodity Prices Hike 2



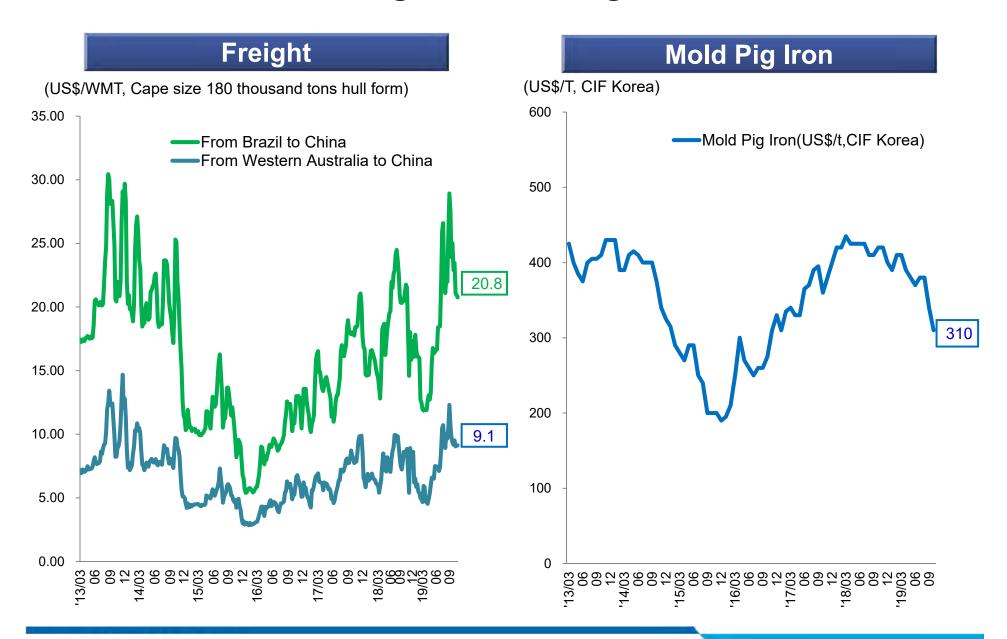
Iron Ore & Coking Coal Prices



Market Trends < Crude Oil & Scrap >



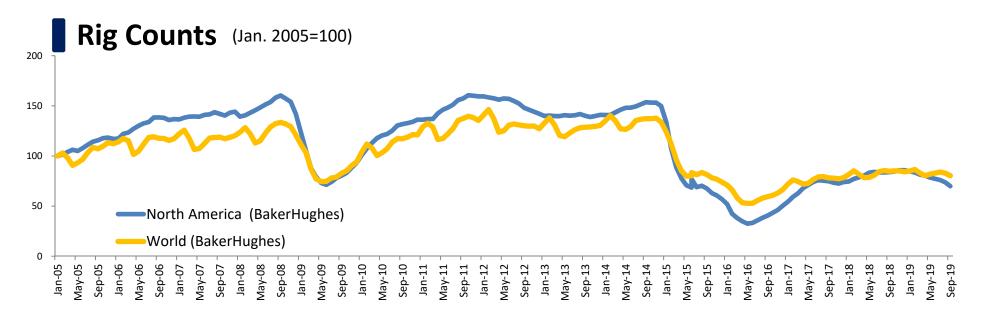
Market Trends < Freight & Mold Pig Iron >



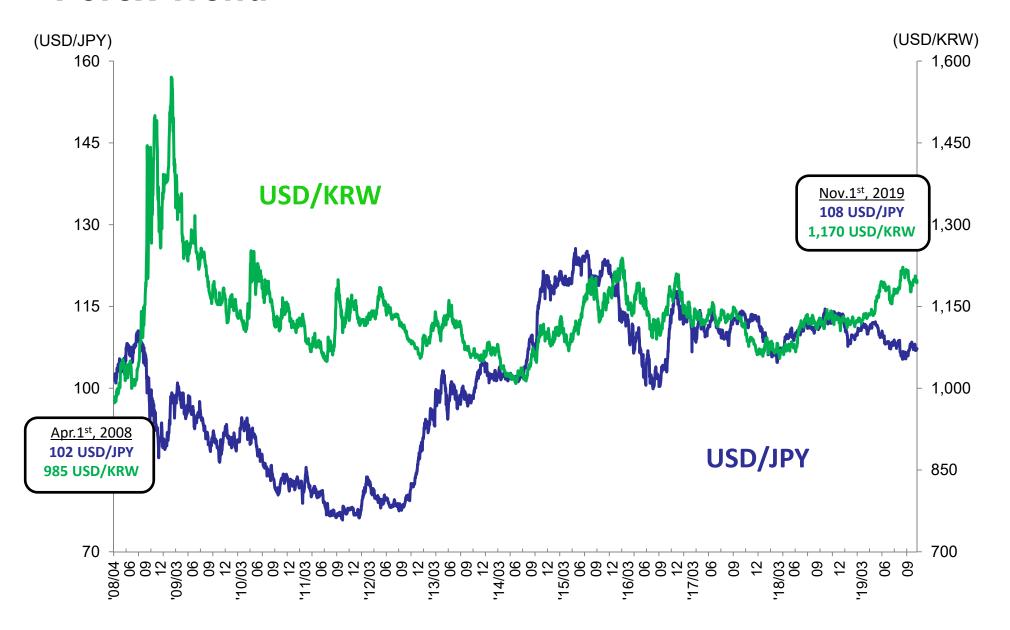
Energy Sector : Oil Price / Rig Count

US Oil Price (WTI Spot)





Forex Trend



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