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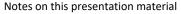
OTC: NPSCY(ADR)



FY2019 Earnings Summary

May 8th, 2020

NIPPON STEEL CORPORATION



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

Agenda

- 1. FY2019 Earnings Summary
- 2. Business Environment & Our Strategy
- 3. COVID-19 Impacts & Our Action
- 4. Measures to Improve Business Performance
- 5. Supplementary Material for Earnings Summary Appendix 1. Structural Measures (Announcement on Feb. 7th)
 - Appendix 2. Progress of Management Strategy Measures
 - **Appendix 3. Related Indicators**



1. FY2019 Earnings Summary

: - 70.0

Financial Highlights

1. Business Environment

World economy has been rapidly slackening due to the spread of COVID-19 since mid-4Q, causing deterioration of steel demand. However, there is a time lag in the impact on our steel production, shipment, steel prices, and business results. Though the impact on our business results was minimal for FY2019, it will be full-scale from FY2020 1Q.

2. Earnings Summary] _
Z. L	Z. Laitings Summary					FY2019	Prev.
	(JPY bn.)	FY2018	1H	4Q	2H		Forecast (as of Feb. 7 th , 2020)
В	sefore Impairment Losses etc.	336.9	73.1	4.4	3.4	76.5	54.0
	ROS (%)	5.5%	2.4%	0.3%	0.1%	1.3%	0.9%
	Impairment Losses etc.	_	_	(9.5)	(360.9)	(360.9)	(364.0)
В	Business Profit (Consolidated)	336.9	73.1	(5.1)	(357.5)	(284.4)	(310.0)
	Additional Line Items	(71.8)	1	(28.5)	(121.7)	(121.7)	(126.0)
	Net Profit*	251.1	38.7	(74.1)	(470.2)	(431.5)	(440.0)

^{*} Profit attributable to owners of the parent

Total impairment losses etc (482.6) bn. JPy: refer to P. 6

FY2019 Consolidated Business Profit (Before Impairment Losses etc.) Variance

From prev. FY2019(f) (as of Feb.7): +22.5 bn. JPY (54.0⇒76.5) From FY2018: -260.0 bn. JPY (336.9⇒76.5)

1) Volume, steel prices, product mix, raw material prices: +3.0 1) Volume 2) Cost reduction 2) Steel prices, product mix, raw material prices : -119.0 : +10.0

3) Inventory valuations : +4.0 3) Cost reduction: : +60.04) Group companies 4) Inventory valuations : - 40.0 : +3.0

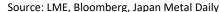
5) Others : +4.0 5) Group companies, Non-steel: : - 58.0

> 6) Disasters : - 7.0

7) Others: : - 26.0

3. FY2020 Forecast

Economic activity is rapidly slowing down due to the impact of COVID-19, and demand for steel products is sluggish, and it is expected that there will be a significant impact on the business performance (decrease in production and shipment volume, increase in variable cost, deterioration of steel product market price, etc.). At this point, it is impossible to formulate an earnings forecast for FY2020 with any realistic degree of accuracy.





US-China trade issue Slackening Chinese economy 40

Slackening world economy

Deterioration in flat steel prices

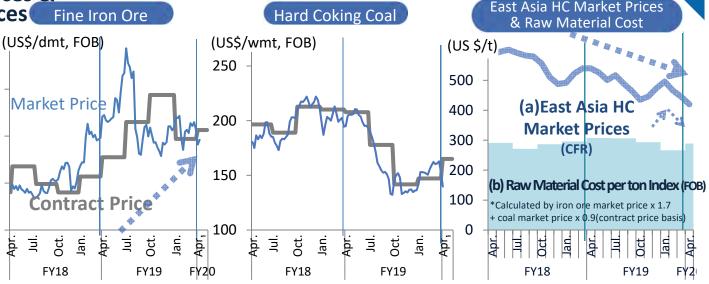
Domestic Steel Demand Decrease

Slackening world economic growth

Domestic steel demand decrease mainly in exporting industries

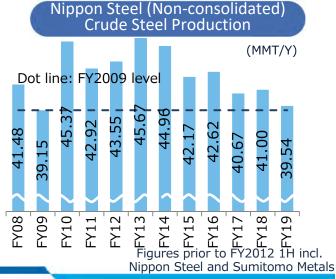
Domestic steel demand has fallen below 60 MMT/Y

Nippon Steel (non-consolidated) crude steel production fell below 40 MMT/Y



Cost increase in alloys, commodities and transportations FY16 1H \rightarrow FY19 2H approx. **5** k JPY/t fuel for raw material transport due to SOx regulations from Jan-20 approx. **1** k JPY/t





Impairment Losses etc.

FY2019 Impairment Losses etc.

(Bn. JPY)	Business Loss	Additional Line Items	Total (Impact to Loss Before Tax)	Prev. Forecast (As of Feb. 7 th)
Total	(360.9)	(121.7)	(482.6)	(490.0)
Impairment Losses	(317.9)	(78.7)	(396.6)	(396.6)
Non-consolidated	(317.9)	-	(317.9)	(317.9)
Ex-Nippon Steel Nisshin Kure Works	-	(78.7)	(78.7)	(78.7)
Other One-off Losses	(43.0) *1	(43.0) *2	(86.0)	(93.4)

Other One-off Losses (86.0) bn. JPY

*1 Business loss: (43.0) bn. JPY 3Q: (33.5) bn. JPY: compensation cost etc. 4Q: (9.5) bn. JPY: impairment on affiliates etc.

*2 Additional line items: (43.0) bn. JPY

3Q: (14.5) bn. JPY

Losses on inactive facilities (9.5) bn. JPY

(Kashima UO pipe etc.)

Losses on business withdrawal (4.9) bn. JPY (ZNW* etc.)

4Q: (28.5) bn. JPY

Losses on inactive facilities (13.2) bn. JPY

(Kinuura works etc.)

Losses on business withdrawal (15.3) bn. JPY

(N-EGALV etc.)

Impairment Losses on Fixed Assets in Steelworks (396.6) bn. JPY

Business loss (317.9) bn. JPY

Kashima Area (150.4) bn. JPY

Nagoya Works (122.8) bn. JPY

Hirohata Area (44.7) bn. JPY

Impairment losses are recorded due to continuous deficit under deteriorated business environment and inadequate long-term contractual steel prices.

Nippon Steel will improve profit through shutdown of uncompetitive facilities, productivity improvement, and steel product price improvement.

Additional line item

Losses on reorganization (78.7) bn. JPY

Ex-Nippon Steel Nisshin Kure Works (78.7) bn. JPY

Impairment losses equivalent to the full book value of fixed assets at ex-Nippon Steel Nisshin Kure Works were recorded following the decision to shutdown Kure Works as part of the structural reforms aimed at optimizing the production framework (refer to page 14).

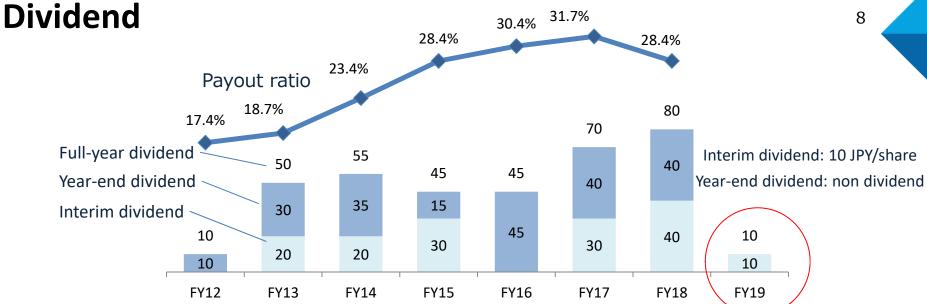
cf. Decrease in depreciation due to impairment FY2019. 2H: -13.0 bn. JPY, FY2020: approx. -60.0 bn. JPY/Y. Thereafter, impact gradually decreases.

^{* &}lt;u>ZNW</u> (Zhejiang Nisshin Worthington Precision Specialty Steel co., Ltd): Manufacturer of special cold steel sheets for automobiles. Production ended in Dec-2019. Now under liquidation.

^{* &}lt;u>N-EGALV</u>: Malaysian subsidiary which manufactures and sells electro galvanized steel sheets. Withdrawal of its business was determined in Mar-20. It is to be liquidated after withdrawal.

Cash Flows (CFs)
FY2018 (Bn. JPY)

'	DII. JET)			
	Operating CFs	452.3	494.3	Cash Flows Trend
	Business Profit	336.9	(284.4)	(Bn. JPY)
	Impairment Loss	-	333.9	800 - Net increase in debt
_	DEP	408.6	417.3	134.7 280.0 Asset
Cash-in	EBITDA	745.5	466.8	150.0
Cas	Share of profit in investments accounted	(86.4)	(38.3)	70.0 100.0 Operating
	for using the equity method	(00.0)	(02.5)	400 - 484.2 _{485.5} 452.3 494.3 CFs
	Income taxes	(80.8)	(92.5)	320 7
	WC and others	(126.0)	158.3	200 - 320.7 FCF 70.5
	Asset compression	100.0	280.0	0 140.5 122.3
	Acquisition of fixed assets	(481.8)	(625.6)	Acquisition
يد	& investments etc.			(322,2) of fived
Cash-out	Free Cash Flow	70.5	148.7	(481.8) ^(625.6) investments
Cash	Cash dividends	(70.7)	(46.1)	(400) - (59.7)(493.7) etc.
	Cash dividends	(70.7)	(40.1)	(265.7) (13.6) (66.2) (70.7)
	Buy back	-	-	(600)
Ë	Net increase of debts	134.7	62.4	(165.3) (46.1)Cash dividends Buy back
	Others	(114.2)	(38.8)	(800) Net decrease in debt
	Changes in cash & cash equivalents	20.3	126.2	- L112 L110 L111 L110 L113



After giving due consideration to full-year performance result and other factors, Nippon Steel has decided to forgo the year-end dividend payment. (Interim divided: 10 JPY/share)

Nippon Steel will rebuild profit structure and improve financial status as soon as possible, and return profit to shareholders.

Voluntary Return of Part of Director and Officer Compensation (Feb. 7th announcement)

- ➤ The compensation of the members of the Board of Directors and executive officers of Nippon Steel is all based upon the financial performance of Nippon Steel. The amount of compensation for the period from July to June of the following year is determined in late June, and is expected to be reduced between over 40% to nearly 30% from the current compensation. Ahead of such reduction in compensation and as a display of the management stance of the members of the Board of Directors and executive officers, who are responsible for the company's performance for previous term, an immediate return of part of their compensation has been decided as follows:
- > Those returning compensation: Representative Directors, Managing Directors, Managing Executive Officers, Executive Officers
- ➤ Rate of compensation cut by rank (compared to the present compensation, annualized): Chairman and President: -20%, Executive Vice Presidents, Managing Directors, and Managing Executive Officers: -15%, Executive Officers: -10%



2. Business Environment and Our Strategy

Business Environment

Current Business Environment

Harsh Environment for Steel Industry due to Complexed Factors

2019~: Demand decrease due to prolonged US-China trade issue and slowdown of China's economic growth etc.

High raw material cost due to Chinese government's stimulus measures ⇒"Decoupling of high raw material prices & low steel product prices"

+

2020~: COVID-19 pandemic, oil price drop, decrease of emerging countries' purchasing power due to their currency depreciation.

Business Environment in Post COVID-19 Era

The changes in the business environment that were previously envisioned in our management strategies (production facility structural measures, overseas business strategies) are accelerated due to the impacts of COVID-19.

- Overseas The trend of "local production for local consumption" in the entire manufacturing industry is further accelerated by the influence of COVID-19, and "market fragmentation" is progressing.
 - ◆ Demand in emerging countries, our major markets, remains sluggish for the time being, but will eventually return to a growth trajectory.
 - Chinese steel makers' presence will be boosted relatively while Chinese economy is quickly recovering from the impacts of COVID-19. On the other hand, domestic demand in China has peaked. Chinese steelmakers are accelerating to expand overseas business, and competition in the export market will be intensified.
- Domestic The decline in indirect exports, which accounts for about 30% of the domestic steel demand of 60 MMT/Y, will gather speed.

Our Strategy

Respond quickly and appropriately to the sharp decrease in steel demand

Take measures to reduce production, prevent infection, and keep business continuity

Promote cost-improvement measures such as optimizing operations in line with reduced production

We have already been working on measures to strengthen our profit structure, aiming to quickly turn to profit from underlying non-consolidated operating loss which has been continuing for the past three years.

Significant reduction of fixed costs (**200 bn. JPY** in FY2020), improvement of variable cost (more than **50 bn JPY** in FY2020), improvement of long-term contractual steel prices

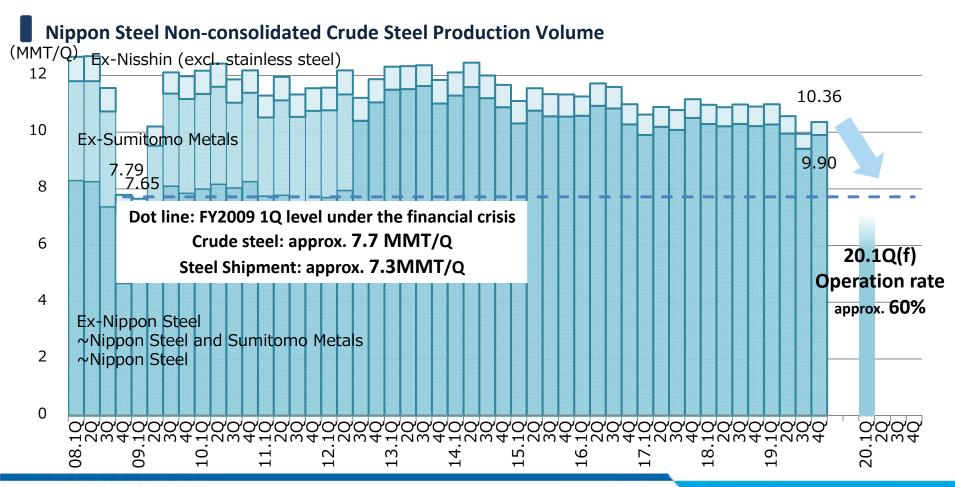
Assuming that the severe environment will continue even in post COVID-19 era, we will further accelerate our medium- to long-term business strategy

- 1) Streamlining domestic manufacturing bases and strengthening their competitiveness through production facility structural measures
- 2) Focus on overseas business centering on emerging countries that will return to growth trajectory in the medium to long term
- 3) Thorough selection and concentration of domestic and overseas businesses

3. COVID-19 Impacts & Our Action

FY2020 Production and Shipment Levels

Operation rate in FY2020. 1Q is expected to be approx. 60% as we adopt prompt reduction of production such as BF banking for response to sharp decrease of steel demand. It is uncertain when the levels of production and shipping will recover, and there is a high possibility that they will be low in 2Q as well.



Status of Production Reduction

Production Reduction in Upstream Facility

- 1) Reduction of BF's productivity and extension of blowing-stop times
- 2) BF banking* and suspension of related coke ovens

are in progress.

<Blast Furnaces>

Banking is in progress or planned for 6 BFs out of 15 (equivalent to 32% in inner volume)

<Suspended Coke Ovens>

Production Reduction in

Downstream Facility

East Nippon Kashima Area: 1 oven out of 2 (#1EE oven) Kimitsu Area: 1 oven out of 5 (#3AB oven)

Kansai Works Wakayama Area: 1 oven out of 3 (#5 over

	Steel works	Area		Inner volume m³	
	Muroran		#2BF	2,902	Time of suspension of BF for its relining pushed forward from Aug. to early Jul. ****
_		Vashi ma	#1BF	5,370	From April 15 th : Banking**
	Fact	Kashi-ma	#3BF	5,370	
	East Nippon	Kimitsu	#2BF	4,500	From mid-May : Banking projected ***
			#4BF	5,555	
	Magaya		#1BF	5,443	
	Nagoya		#3BF	4,300	
	Kansai	Waka-	#1BF	3,700	From Apr. 25 th : Banking **
	Kalisai	yama	#2BF	3,700	
	Setouchi	Kure	#1BF	2,650	*
	Setouciii		#2BF	2,080	From Feb. 15 th : Banking *
		Yawata	#4BF	5,000	
	Vauchu	(Kokura)	#2BF	2,150	From early Jul: Banking ****
)	Kyushu	Oita	#1BF	5,775	
)			#2BF	5,775	
n)		Total	15 BFs	64,270	

*Announced on Dec. 23rd, 2019 ** on Apr. 7th, 2020 *** on Apr. 21st, 2020 **** on May 8th, 2020 Cf. Production facility structural measures (announced on Feb. 7th, 2020)

☆ Wakayama #1BF: closure around FY2022 1H, ★ Kure #1BF & #2BF: closure around FY2021 1H

◆ Yawata (Kokura) #2BF: closure on Sep-2020

Pursuing an optimal operating system for each line in accordance with the production reduction in upstream facilities at each steelworks and the demand situation for each product. We are implementing cost-minimum operations such as shift-down, collecting some idling times into a temporary suspension.

Temporary off-days for employees

As one measure that contributes to maintaining employment, each of Nippon Steel's offices, manufacturing bases, and R&D laboratories is closed for about two days per month from April 2020, while maintaining bare minimum operation, and each employee has two temporary off-days per month. Offices, manufacturing bases, and R&D laboratories which meet the requirement for receiving employment adjustment grants make application to the government.



^{*} Banking is to take measures to temporarily stop blast furnace production but make it possible to restart production at a later date by stopping the air blast flow.

BCP: Action to Prevent COVID-19 Infection

Operation Status of Overseas Bases

China	Some operations had been intermittent since January-2020 due to customers' steel demand decrease and logistical restrictions, and now all bases have restarted normal operations.			
ASEAN Most of the bases are in normal operation, but operation rate is declining.				
India	Operations at downstream bases have been suspended since late March. Now preparing for reoperation. Operation in AM/NS India had been minimum since late March in response to the steel demand decrease, and is gradually returning to normal from mid-April.			
North America	Since the end of March, many bases have intermittent or continuous line breaks			
South America	Banking two small blast furnaces at USIMINAS (#2BF: from Apr. 4 th , #1BF: from Apr. 22 nd)			
Europe	In normal operation.			

Status of Material Procurement Supply Chains

Raw material	Although some producers in countries such as those where lockdowns are being carried out have a negative impact on operating rates, raw material shipment to Nippon Steel have not been significantly affected and there is no obstacle to our raw material procurement
Commodity and equipment	We are proceeding with measures such as adjusting the delivery date while grasping the situation of the supplier, and there is no major impact at present. Since the declaration of emergency has spread nationwide and there is a risk of prolonging the situation, we will work more closely with each supplier and respond appropriately.

BCP: Action to Prevent COVID-19 Infection

To Prevent Spread of Infection

From the viewpoint of supplying essential products to the society, Nippon Steel is continuing steel production with minimum labor force required.

Nippon Steel is promptly responding to and cooperating with the guidance and requests of related administrations such as national and local governments, and working as a group as a whole including affiliated companies.

- 1) Employees usually working in offices are teleworking in principle (work from home). Production in steelworks are conducted by the minimum number of employees. Those who come to work comply with the strict infection preventive measures. cf. WFH ratio in Headquarter and branches (2,500 workers): approx. 95% (As of end of Apr.)
- 2) Events which were to held by Nippon Steel are generally cancelled. Face-to-face meetings and business trips in and outside Japan are prohibited in principle. Meetings are held using ICT tools, including web meetings.
- cf. Application of the guidelines (1) and (2) started first in the headquarter from late March and was expanded to all business bases in Japan by Apr. 16th.
- 3) Employees who have symptoms such as fever do not go to work and report to their superiors, and take measures in accordance with national guidelines. When infection, suspicion of infection, or contact with infected person, etc. is found, WFH or home waiting for 14 days will be applied.
- 4) Regarding overseas dispatchers, etc., we will appropriately make adjustments such as making them return from the dispatch destination and suspension of transfer to overseas based on the infection and medical conditions in each country.

Cash and Financial Action

Taking into account the current deterioration of operating cash flow due to the impact of COVID-19, we will work to minimize investment cash flow and maximize cash in by further asset compression, and take appropriate measures in terms of funding as well.

Asset Compression

In addition to the 400 billion JPY/ three-year asset compression already proposed by February, we are considering further asset compression. We will take action while carefully observing market trends and other factors.



Improvement of CAPEX efficiency

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 by approximately 200 bn. JPY to original 2020 MTMP.

Financing

Depending on the amount of free cash flow, we will take appropriate financing measure in appropriate timing considering financial environment, interest rate, etc.

Cf.1: Cash balance 2019.3E: 163.1 bn. JPY → 2020.3E: 289.4 bn. JPY

Cf.2: We have already established a commitment line (immediate loan facility) of over 500 billion yen with financial institutions.

4. Measures to Improve Business Performance

Profit Level Trend

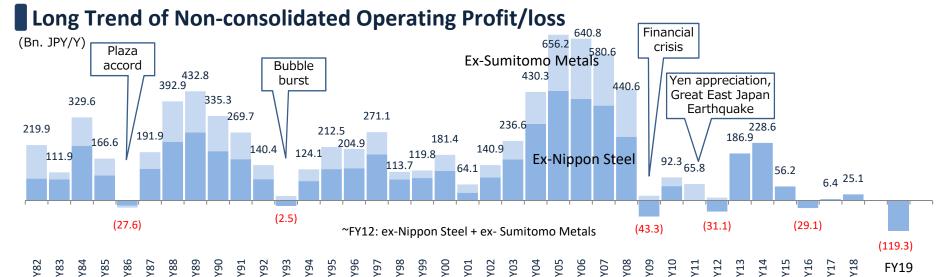
Underlying non-consolidated operating loss has continued for the past 3 years

U	- Consonaatea Dasiness Front							
	(Bn. JPY/Y)	FY16	FY17	FY18	FY19(f)			
C	onsolidated Business Profit*	174.5	288.7	336.9	(284.4)			
	Non-consolidated OP	(29.1)	6.4	25.1	(119.3)			
	Group Companies	178.8	256.9	231.3	161.8			
	Non Steel Business	35.2	49.8	61.1	55.3			
	Non-operating Profit, Elimination of Consolidation,	(10.4)	(24.4)	19.4	(382.2)			

Underlying Non-consolidated Operating Profit

Excl. Inventory Valuation	171.0	244.0	120.0	10.0	(57.0)	(14.0)	(117.0)
Inventory Valuation	16.0	(15.0)	(64.0)	(39.0)	63.0	39.0	(2.0)
Non- consolidated OP	186.9	228.6	56.2	(29.1)	6.4	25.1	(119.3)
 (Bn. JPY/Y)	FY13	FY14	FY15	FY16	FY17	FY18	FY19(f)

^{*} FY16: Ordinary Profit (JGAAP)



Considering measures to establish a profitable structure with the aim of quickly turning to profit from underlying non-consolidated operating loss

even point
through
significant
reduction of
fixed costs

Plan to reduce fixed costs by about **200 bn. JPY/Y** in FY2020 (Of which **26 bn. JPY will be the effect of facility structural measures**)

Maintenance cost: Selective input (suppressing input to facilities scheduled to be shutdown), enhancement of maintenance efficiency in reorganized steelworks, thorough management of facility inspection with advanced IT, etc. Depreciation cost: Decreases approx. 60 JPY/Y due to impairment loss, approx. 50 JPY/Y due to change in depreciation method from declining balance to straight -line

Variable Cost Reduction In addition to the operational improvement and the promotion of cost improvement through capital investment planned in the medium-term management plan, additional improvement measures, operation optimization accompanying facility structural measures, etc. are planned for cost improvement of **more than 50 bn. JPY/Y**

Long-term
Contractual Steel
Prices
Improvement

Aim to realize "fair sharing of burden across the supply chain for increasing costs other than main raw materials", and "appropriate sales price reflecting values of Nippon Steel's products and comprehensive contributions to customers".

At the time before COVID-19 pandemic, we had expected to return to profitability in non-consolidated operating income in FY2020

Secure an non-consolidated operating profit surplus in any environment in post COVID-19 world

Production Facility Structural Measure

In addition to striving to realize effects of the structural measures, announced on February 7, ahead of schedule, we will pursue further optimal production framework and implement additional measures as necessary.

Breakdown of Cost Reduction

Maintenance cost: Suppressing input prior to shutdown while maintaining facility soundness until shutdown

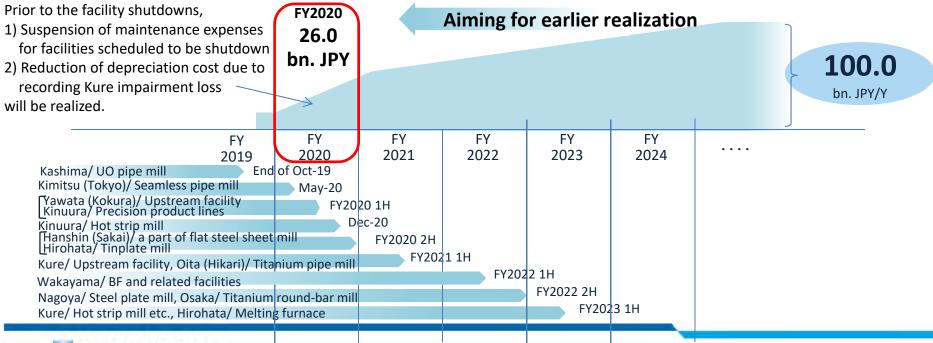
Labor cost: Reduction by suppressing new employment. (No early discharge)

Depreciation cost: Reduction due to facility shutdown

Variable cost: Cost reduction by transferring production from facilities shutdown to highly competitive facilities



Cost Reduction Curve (Rough Estimation)



Change in Depreciation Method

<Background>

Approximately 50 years have passed since domestic steel mills started operation, and the trend of CAPEX and maintenance costs has changed as we promote large-scale structural reforms that should be called the "second founding period" and rebuild the profit base that can be sustainable as a business.

- 1) Promoting manufacturing infrastructure development including refurbishing of core facilities
 - ⇒ Ratio of CAPEX for facility refurbishment out of total CAPEX has increased
- 2) Promoting thorough preventive and planned maintenance to prevent facility troubles
 - ⇒ Maintenance cost curve within the lifetime of facility is relatively flat
- 3) Global companies incl. steel companies adopting IFRS adopt the straight-line method

The straight-line method, which equalizes the annual amount of depreciation cost according to the useful life, is in line with the actual situation of recent Nippon Steel. Comparability to other global companies will also be improved.

Depreciation method will be changed from declining balance method to straight line method from FY2020 1Q

Our company and consolidated subsidiaries (including non-steel segments) Scope:

Target assets: Tangible fixed assets currently depreciated by the declining balance method (buildings, structures, machines and devices,

vehicle carriers, tools, utensils and equipment)

Timing of change: FY2020 1Q

Impact to FY2020 P/L by DEP method change

Dep cost decrease

-70.0 bn. JPY/Y

Consolidated: approx. -20.0 bn. JPY

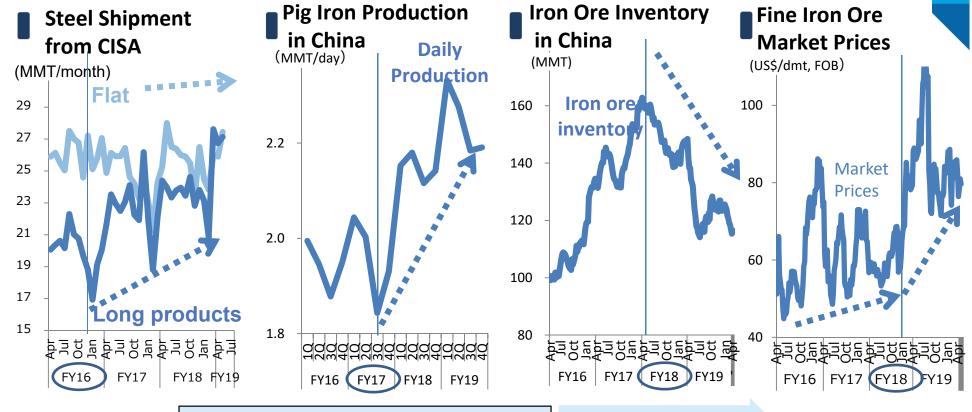
Non-consolidated: approx. -50.0 bn. JPY Existing assets: approx. -30.0 bn. JPY

Assets to be acquired: approx.-40.0 bn. JPY

5. Supplementary Materials for Financial Results

China's Steel SD & Market Trend





Infrastructure investment has boosted demand for long products.

Since illegal induction furnaces were eliminated, steel production in EAF, main supplier of long steel, has increased. Due to the undeveloped scrap distribution system, pig iron demand from EAF has increased and pig iron production has been historically high.

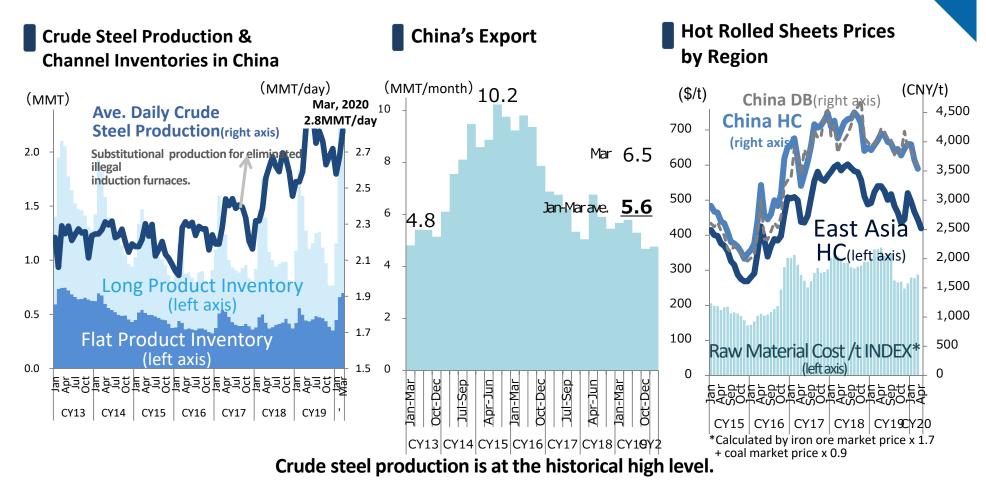
Iron ore inventory has been low due to the large consumption of iron ore in BF.

Iron ore price has been high due to both the large demand for iron ore in BF and also low level inventory.

The long products' SD situation stays firm, while flat product market, in which we export mainly, 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



Inventory temporarily increased due to the Chinese New Year's holiday and the impact of COVID-19, but it is currently declining and exports remain at a low level.

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

Need to keep monitoring impacts from trade war, stimulus measures, impact of COVID-19, and how they affect SD situation.

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

FY2019 [vs. prev.FY2019(f)*]

(bn. JPY)	(bn. JPY) FY19(f)* [A]		Change [A→B]
Business Profit	54.0	76.5	+22.5
<underlying profit=""></underlying>	<106.0>	<126.5>	<+20.5>
Steel	9.0	35.6	+26.6
Non-Steel	56.0	55.3	-0.7
Adjustment	(11.0)	(14.4)	-3.4

*Prev. FY19(f): As of Feb. 7th, 2020 (Before impairment losses etc.)

***1** Crude Steel Production: approx.-0.16MMT (approx.39.70→39.54)

Excl. One-off Factors: approx. -16MMT Prev.FY19(f) excl. One-off Factors: approx. 39.94MMT

FY19 excl. One-off Factors: 39.78MMT

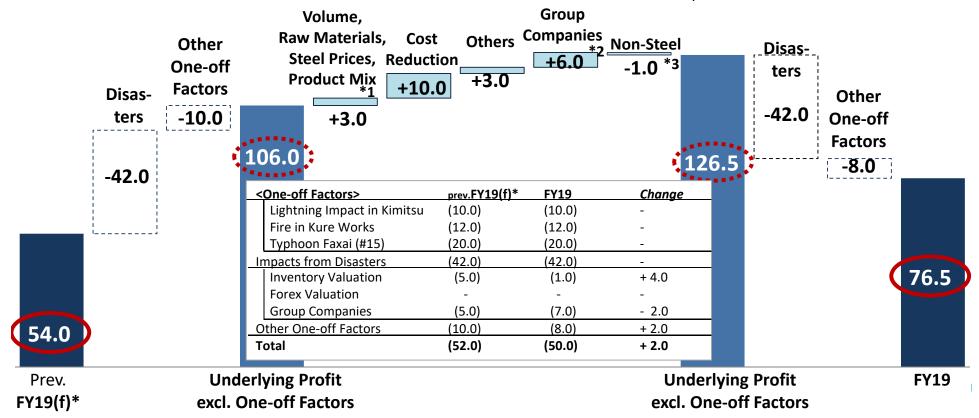
Steel shipment: approx. -0.09MMT (approx.36.40→36.31)

Excl. One-off Factors: approx.-0.23MMT

Prev. FY19(f) excl. One-off Factors: approx. 36.35MMT

FY19 excl. One-off Factors: 36.12MMT

- ***2** <Improve> Stainless, Sanyo Special Steel, Domestic re-rollers, etc.
- ***3** Engineering +0.7,Chemicals & Materials -0.6, System Solutions -0.9



FY2019 [FY18 vs. FY19]

(bn. JPY)	FY18 [A]	FY19 [B]	Change [A→B]
Business Profit	336.9	76.5	-260.4
<underlying proft=""></underlying>	<316.9>	<126.5>	<-190.4>
Steel	274.6	35.6	-239.0
Non-Steel	61.1	55.3	-5.8
Adjustment	1.1	(14.4)	-15.5

(Before impairment losses etc.)

***1** Crude steel production: -1.46MMT (41.00→39.54)

Excl. One-off Factors: -1.87MMT

FY18 excl. One-off Factors: 41.65MMT FY19 excl. One-off Factors: 39.78MMT Steel shipment: $-1.66MMT (37.97 \rightarrow 36.31)$

Excl. One-off Factors: -2.70MMT

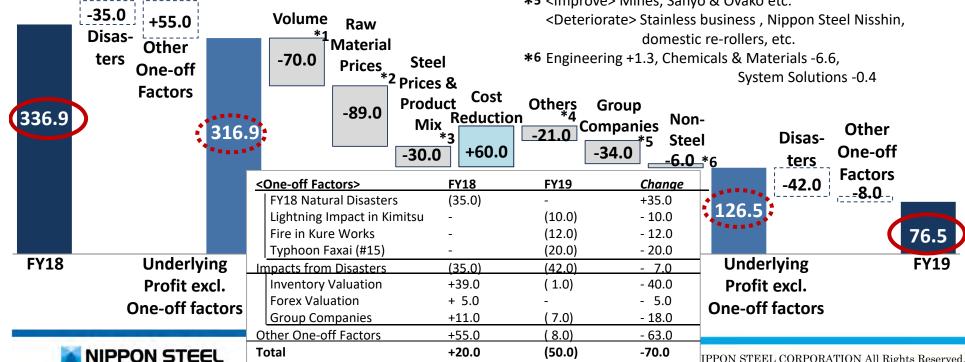
FY18 excl. One-off Factors: 38.82MMT FY19(f) excl. One-off Factors: 36.12MMT

- *2 Incl. Carry over -26.0 $(8.0 \rightarrow -18.0)$
- *3 < Improve > Long-term contractual price (domestic & overseas) Domestic spot market prices (incl. time lag for price change penetration)

<Deteriorate> Overseas spot market prices & product mix

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- *4 Increase in depreciation, elimination of gain from bargain purchase (Sanyo Special Steel), etc.
- *5 < Improve > Mines, Sanyo & Ovako etc.



Business Profit Variance Analysis [FY19 1H vs. FY19 2H]²⁸

(bn. JPY)	FY19 1H [A]	FY19 2H [B]	change [A→B]
Business Profit	73.1	3.4	-69.7
<underlying profit=""></underlying>	<94.1>	<32.4>	<-61.7>
Steel	49.2	(13.6)	-62.8
Non-Steel	31.5	23.8	-7.7
Adjustment	(7.6)	(6.8)	+0.8

*1 Crude steel production: -0.90MMT (20.22 \rightarrow 19.32)

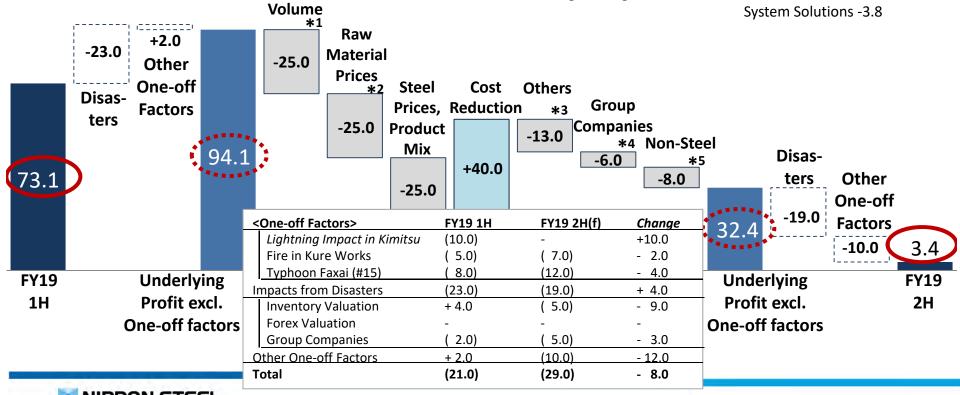
Excl. One-off Factors: -1.66MMT

FY19 1H excl. One-off Factors: 20.72MMT FY19 2H excl. One-off Factors: 19.06MMT Steel shipment: -0.55MMT (18.43 \rightarrow 17.88)

Excl. One-off Factors: -0.84MMT

FY19 1H excl. One-off Factors: 18.48MMT FY19 2H excl. One-off Factors: 17.64MMT

- *2 Incl. Carry over -38.0 (10.0 \rightarrow -28.0)
- *3 Increase in depreciation, etc.
- *4 < Deteriorate > Sanyo Special Steel, Domestic re-rollers, etc.
- *5 Engineering +0.4, Chemical s & Materials -4.3,



FY2019 Disasters

■ Typhoon Faxai (#15)

- The flare stack(*) of #1 steelmaking plant in East Nippon Works Kimitsu Area 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 has been resumed on Dec-2019 ahead of the original plan (Jan-2020).
- Negative impact: Crude steel production -0.24MMT, Steel shipment -0.25MMT

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

- Fire broke out at #1 steelmaking plant in ex-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.
- 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. -0.45MMT decrease in crude steel production in ex-NSN. Decrease in steel product shipment was minimized by inventory shipment and alternative production in Nippon Steel (+0.49MMT) (cf. crude steel production in Nippon Steel: +0.28MMT).

			Volume	Cost	Business profit impact in FY2019	FY2019 1H	FY2019 2H
			loss	increase	Bn. JPY		
	May. Kimitsu blackout	*1	-5.0	-5.0	-10.0	-10.0	-
	Aug. Fire in ex-NSN	*2	-2.0	-10.0	-12.0	- 5.0	-7.0
l	Sep. Typhoon Faxai (#15)	*1	-7.0	-13.0	-20.0	- 8.0	-12.0
	Total	*2	-14.0	-28.0	-42.0	-23.0	-19.0

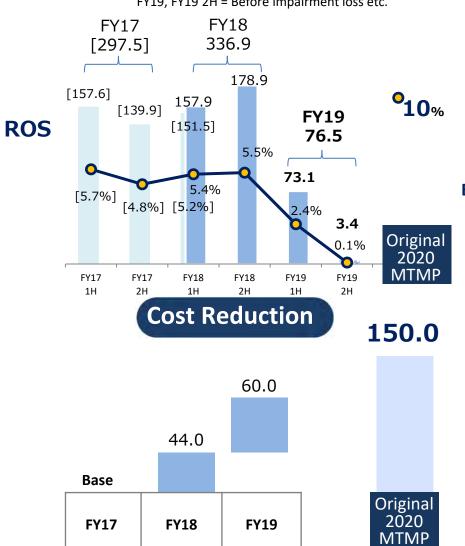
*1 Non-consolidated *2 Consolidated



Key Indicators (bn. JPY)

Business Profit

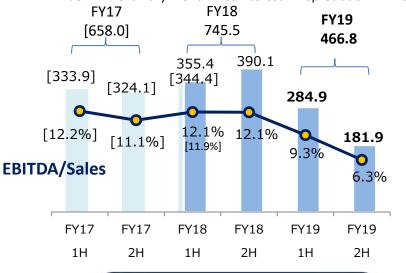
Figures in parentheses = Ordinary Profit (JGAAP) FY19, FY19 2H = Before impairment loss etc.

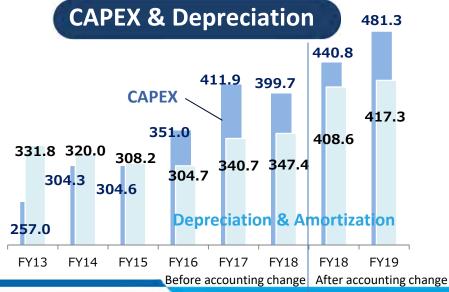


EBITDA

Figures in parentheses = JGAAP

IFRS: Business Profit + Depreciation + Amortization + Impairment loss JGAAP: Ordinary Profit + Net Interest + Depreciation + Amortization



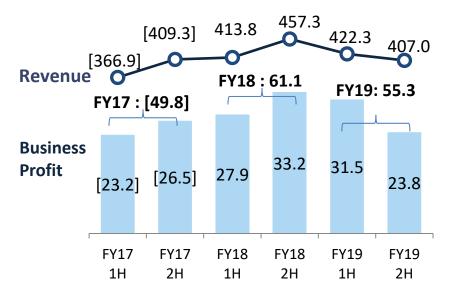


(Bn. JPY)

Non-Steel Businesses

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

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



Change in Business Profit (FY18 vs. FY19)

Engineering & Construction	Despite material cost hike, the profit increased slightly due to appropriate project management.		
Chemicals & Materials	Profit decreased due to chemical products margin decline and functional material's sales volume down etc.		
System Solutions	Revenue increased due to major deals supported by customers' robust IT investments. Profit is same level as prev. year.		

							(DII. JPT)
Engineering &	2018			2019			FY18→
Construction	1H	2H	FY	1H	2H	FY	FY19
Revenue	161.3	195.4	356.7	157.9	182.4	340.4	-16.3
Business Profit	3.1	6.3	9.4	5.1	5.5	10.7	+1.3
Chemicals	2018			2019			FY18→
& Materials	1H	2H	FY	1H	2H	FY	FY19
Revenue	125.9	121.1	247.0	114.1	101.5	215.7	-31.3
Business Profit	12.7	12.3	25.0	11.3	7.0	18.4	-6.6
System		2018			2019		FY18→
Solutions	1H	2H	FY	1H	2H	FY	FY19
Revenue	126.6	140.8	267.5	150.2	123.0	273.2	+5.7
Business Profit	_	14.5	26.5	14.9	11.1	26.1	-0.4

* Business profit revisions related to purchase and resale of merchandise in NS Solutions reflected.

more

 $+\alpha$

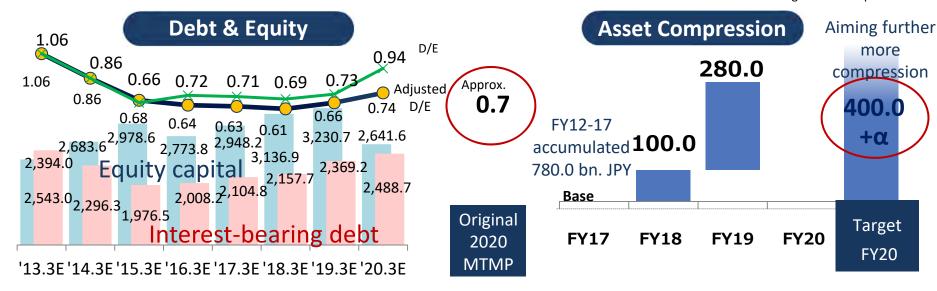
FY20

Balance Sheet

	(Bn. JPY)	End of Mar. 2019	End of Mar. 2020
	Current Assets	2,859.2	2,784.9
	Inventories	1,567.1	1,532.1
	Fixed Assets	5,190.3	4,659.9
	Tangible fixed assets	3,246.6	2,812.5
	Investments accounted for using the equity method	793.1	878.2
	Investment in securities	725.3	418.5
Д	ssets	8,049.5	7,444.9

	(Bn. JPY)	End of Mar. 2019	End of Mar. 2020
	Liabilities	4,442.1	4,448.3
	Interest-bearing debt	2,369.2	2,488.7
	Net Assets	3,607.3	2,996.6
	Equity capital	3,230.7	2,641.6
	Unrealized gains on available-for-sale securities *	248.0	111.9
	Non-controlling interest in consolidated subsidiaries	376.5	355.0
Li	abilities & net assets	8,049.5	7,444.9

* Fair value of financial assets measured at fair value through other comprehensive income

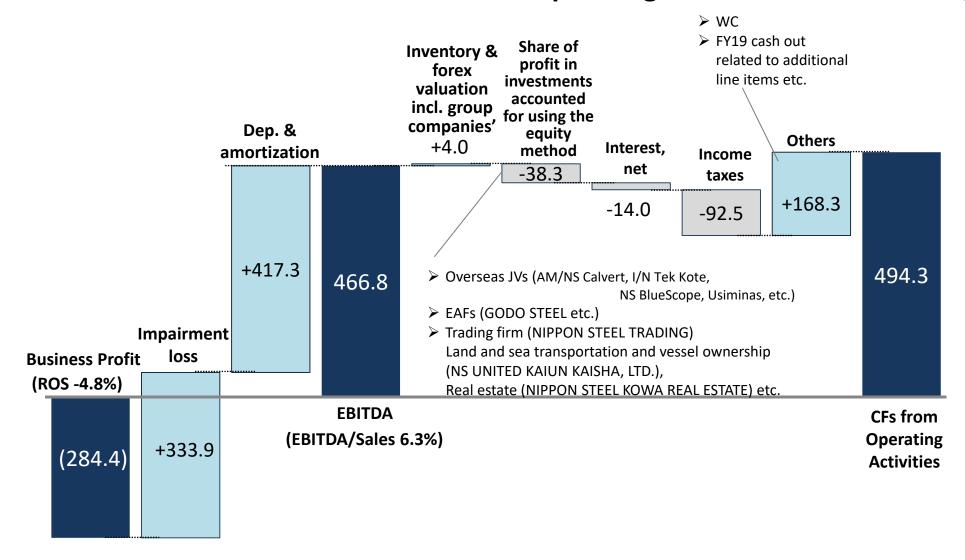


FY2019 Cash Analysis

33

(Bn. JPY)

Business Profit to EBITDA to CFs from Operating Activities

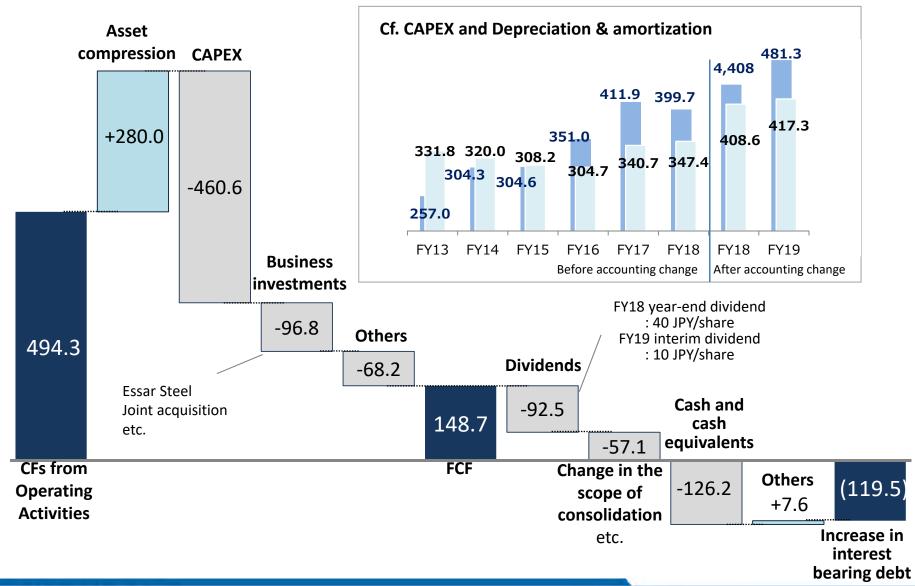


FY2019 Cash Analysis

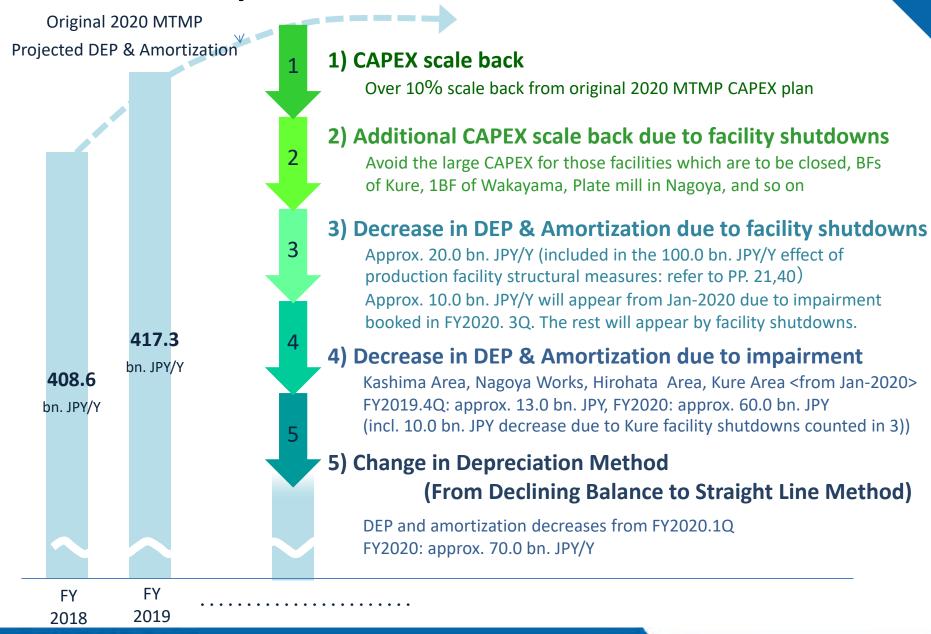
34

(Bn. JPY)

CFs from Operating Activities to Change in Interest Bearing Debt



Decrease in Depreciation & Amortization Cost



Appendix 1. Production Facility Structural Measures

(Announcement on Feb. 7th)

Assumption for Future Market and Nippon Steel's Structure

Shrinking construction demand due to population ageing and decline Shrinking steel demand in exporting industries due to expansion of local production by customers

Market Forecast

Risk of domestic steel demand depreciation

Shrinking steel demand in China
Enhancement of Chinese steelmakers' integrated capacity in coastal
China and ASEAN

Risk of intensifying competition in overseas market

Nippon Steel's Fixed Cost Structure More than 50 years have passed since the construction of Nippon Steel's main steelworks.

Large-scale CAPEX for facility refurbishment is still needed even if controlled by selection and concentration.

Concept and Procedure for Pursuing Lean and Optimal Production Framework 38

Basic Concept

To build **efficient production framework** centered on **competitive integrated steelworks**

Procedure

- 1) Comprehensively examine <u>competitiveness of integrated steelworks</u> from the perspective of the system and ability to consistently manufacture high value-added products
- 2) <u>Shutdown facilities with inferior competitiveness</u> and <u>integrate their</u> <u>production into other facilities with superior competitiveness</u>
- Strategically make selective investments to improve productivity and strengthen the business structure

Pursuit of lean & optimal production framework

Product mix improvement through raising ratio of high-value added products

Maximization of marginal profit under adequate fixed cost level

Structural Measures to Realize Lean and Optimal

Production Framework

Legends:

Underlined items are undates from nrev, announcements

	<u>Underlined items</u> are updates from prev. announcements
Purpose	Relevant Steelworks and Facilities Time of Closure
(1) Strengthening	1) Setouchi Works Kure Area/ Shutdown of upstream facilities
of competitiveness	(BF, sintering, and steelmaking) By around the end of FY2021 1H
in upstream	/ all other facilities (incl. hot strip mill and pickling line) By around the end of FY2023 1H
integrated	2) Kansai Works Wakayama Area/ Shutdown of #1 BF, #5-1 sintering
production	machine, #4/5 coke ovens, and part of #3 continuous caster By around FY2022 1H
	3) Kyushu Works Yawata Area (Kokura)/ Shutdown of Previously: By around the end of FY2020
	upstream facilities ⇒By around the end of FY2020 1H
(2) Upstream	4) Setouchi Works Hirohata Area/ Shutdown of By around FY2023 1H
facility reformation	a meiting furnace, installation of EAF
	5) Nippon Steel Structural Shapes/ Previously: By around the end of FY2019
	Cancellation of steelmaking facility shutdown ⇒ Operation to continue (Shutdown cancelled)
(3) Efficiency	6) Setouchi Works Hanshin Area (Sakai)/ Shutdown of continuous annealing and process-
enhancement of the steel sheet production system	ing line, electro-galvanizing line, and #1 continuous aluminizing line By around the end of FY2020
(4) Strengthening of	Proviously Dy around EV2021 211
the tinplate business	7) Setouchi Works Hirohata Area/ Shutdown of tinplate mill ⇒By around the end of FY2021 2H
(5) Strengthening of the	
steel plate business	8) Nagoya Works/ Shutdown of steel plate mill By around FY2022 2H
	9) Kansai Works Osaka Area/ Shutdown of titanium round bar line
(6) Withdrawal from	By around the end of FY2022
unprofitable titanium	10) Kyushu Works Oita Area (Hikari)/ By around the end of FY2021 1H
business	Shutdown of titanium ERW line
(7) Strengthening of	11) Nippon Steel Stainless Kinuura Works
the stainless steel	/ Shutdown of hot strip mill By around the end of Dec-2020
business (2) Strongthoning of	/ Shutdown of precision product lines By around the end of FY2020 1H
(8) Strengthening of the pipe & tube	12) East Nippon Works Kashima Area/ Shutdown of UO pipe mill Oct-2019 (done)
business	13) East Nippon Works Kimitsu Area (Tokyo)/ Shutdown of small-diameter seamless pipe mill
Dusiness	By around May-2020

Effect of measures decided so far

Before After



Number of BF

-4 furnaces

15⇒**11** furnaces

Already announced: Kure #2, Yawata (Kokura)
Decided this time: Kure #1, Wakayama #1

Crude steel production capability

-5 MMT/Y

Cf. FY2018 crude steel production Nippon Steel (non-consolidated): 41.00MMT

Ex-Nippon Steel Nisshin (Kure) : 2.73MMT Nippon Steel (consolidated) : 47.84MMT



Expected profit improvement

100 bn. JPY/Y

Effects of measures decided this time: +76 bn. JPY

Effects of measures already announced: +24 bn. JPY

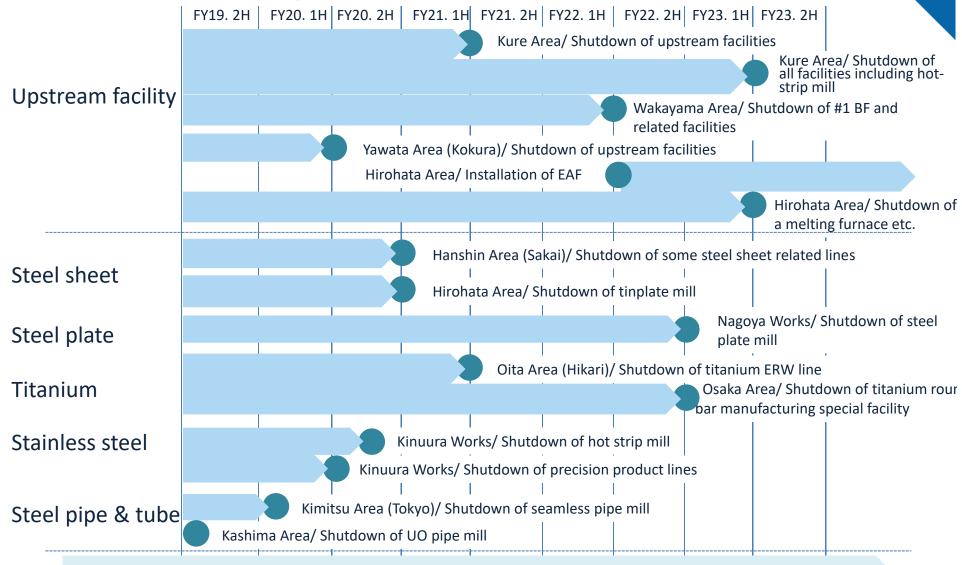
Extra effect: CAPEX reduction due to facility shutdowns

CAPEX for around next 10 years to BFs, coke ovens, sintering machines, and energy generation facilities etc. can be partially avoided.

Future efforts

In addition to the series of structural measures decided this time as the first step, Nippon Steel is pursuing further measures as next steps to build more competitive, leaner, and optimal production framework.

- Nippon Steel will implement selection and concentration of CAPEX
- Assessing domestic and overseas S&D balance and Nippon Steel's expected profit under such circumstance, Nippon Steel will implement further measures in accordance with business environment changes.



Nippon Steel is pursuing furtherly optimal production framework. Further measures will be executed as soon as possible as the occasion demands.

To Build Lean & Optimal Production Framework

Number of (Deterfacilities mined in to be closed FY2019 3Q)

Facilities to be closed

Time of closure

Coke oven				-2	(-2)	Wakayama -2 (#4, #5)	FY2022 1H
						Kure -2 (#1, #2)	Around the end of FY2021 1H
Sintering				-4	(-2)	Wakayama -1 (#5-1)	FY2022 1H
_						Yawata -1 (Kokura)	Closed in Nov-2016
						Kure -2 (#1, #2)	Around the end ofFY2021 1H
BF	15	\Rightarrow	11	-4	(-2)	Wakayama -1 (#1)	FY2022 1H
						Yawata -1 (Kokura)	The end of FY2020 1H
						Kure -3 (#1, #2)	Around the end of FY2021 1H
Converter	38	\Rightarrow	28	-10	(-3)	Yawata -3 (Kokura 3)	The end of FY2020 1H
	ļ					Hirohata -3 (Melting furnace, decarburization furnace)	Around the end of FY2023 1H
EAF				+1		Hirohata +1	FY2022 1H
						Kure -2	Around the end of FY2021 1H
Continuous caster				-5	(-2)	Wakayama –1 (#3 Continuous caster #1 strand)	Around the end of FY2020 1H
						Yawata -3 (2 in Kokura, 1 in Tobata), +1 (Tobata #3)	Around FY2022 1H
Hot rolling	7	\Rightarrow	6	-1	(-1)	Kure -1	Around the end of FY2023 1H
Thick plate	4	\Rightarrow	3	-1	(-1)	Nagoya -1	Around FY2022 2H
Pickling				-1	(-1)	Kure -1	Around the end of FY2023 1H
Annealing				-2	(-1)	Hirohata -1	Around the end of FY2020
Ailleaning				- <u>-</u> _	(- <u>+</u>)	Nisshin Sakai -1 (Continuous annealing line)	Around the end of FY2020
Galvanizing				-1	(-1)	Nisshin Sakai -1 (Electrogalvanizing line)	Around the end of FY2020
Tinning				-1		Hirohata -1	Around the end of FY2020
Other coating				-2	(-1)	Nisshin Sakai -1 (Hot-dip aluminizing line)	Around the end of FY2020
Other coating				-2	(- <u>T</u>)	Hirohata -1 (Coating & laminating line)	The end of FY2020
Seamless pipe				-1		Kimitsu -1 (Tokyo small-diameter seamless pipe mill)	Around May-2020
UO pipe				-1		Kashima -1	Closed in Oct-2019
ERW				-1	(-1)	Oita (Hikari) -1 (Titanium welded pipe line)	Around the end of FY2021 1H
Forging				-1	(-1)		Around the end of FY2022
Stainless				-3	(-3)	Nippon Steel Stainless Kinuura -3 (Hot rolling line)	Around the end Dec-2020
				5	(3)	(precision product lines: cold rolling line and bright annealing line)	Around the end of 2020 1H

Appendix 2. Progress of Management Strategy Measures

New Topics

Electrical Steel Sheets Investment for Capacity & Quality Improvement Step 3

- Decided additional CAPEX for electrical steel sheet mill in Kyushu Works Yawata Area of approx. 10.0 bn. JPY as step 3 following CAPEX in Kyushu Works Yawata Area (approx. 46.0 bn. JPY, announced on Aug. 1st, 2019 as step 1) and CAPEX in Setouchi Works Hirohata Area (approx. 14.0 bn. JPY, announced on Nov. 1st, 2019 as step 2) responding to an increasing demand for more sophisticated electrical steel sheets in power plant industry and automobile industry.
- Further CAPEX plan is ongoing to enhance our capability for electrical steel sheet production. The details will be posted once the plan is decided.
- We will strengthen our profit structure by enhancing the comprehensive supply system of electrical steel sheets.

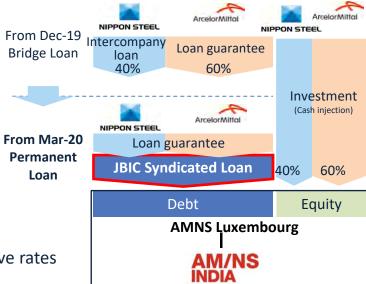
AM/NS India

Performance

- Robust until February. As domestic sales had decreased due to the COVID-19 pandemic lockdown across India since late March, AM/NS India quickly shifted its steel production to minimum level. Operation in AM/NS India is gradually returning to normal production from mid April.
- 2020 Jan-Mar Results (counted in Nippon Steel's 2020 Apr-Jun results): Crude steel production 1.7MMT and EBITDA 10.1 bn. INR

Topics

- Mar. 16th, 2020: Signed 10Yr 5.1bn USD syndicated loan with JBIC and
 4 Japanese banks to refinance in full the bridge loan at very competitive rates
- Mar-20: Declared preferred bidder for Thakurani iron ore mine royalty payment, Odisha
- Mar-20: Bhander power plant, Hazira acquired





Progress: Strengthen Manufacturing Capabilities

*BF = Blast Furnace Legend : New measure ★ Plan ★ Done ★ Cancelled

		· · · · · · · · · · · · · · · · · · ·					
Action	Publication	~FY19	FY20	FY21	FY22	FY23~	
(Kure) Close Upstream Process and Hotrolling Line	Feb-20			End	of FY21 1H: (Jpstream closure ★ End of FY23 1H: Others closure	
(Wakayama) Close BF and Related Facilities	Feb-20				End o	f FY22 1H: Closure	
(Yawata) Optimize Upstream (Tobata) - Start new continuous casting facility (Tobata) - Close continuous casting facility (Kokura) - Close upstream process - Move up the schedule	Mar-16 Feb-20	★ May-19 : Complet	tion	End of F	e operation /20 : Closure /20 : Closure		
(Nagoya) Close Steel Plate Mill	Feb-20				☆ FY	22 2H : Closure	
(Hanshin Sakai) Close a part of Flat Steel Sheet Mill	Feb-20	End of FY20: Closure					
(Oita) Close Titanium Pipe Mill (Osaka) Close Titanium Round Bar Line	Feb-20			☆ End	d of FY21 1H:	Closure End of FY22: Closure	
(NIPPON STEEL Stainless Steel Kinuura) Close Hot Strip Mill and Precision Product Lines	Feb-20			End of Dec-2 of FY20 1H:			
(Hirohata) Close Tinplate Mill	Nov-19			√	FY21 2H : Cl	osure	
Move up the schedule	Feb-20			End of F	/20: Closure		
(Kimitsu) Close Small-diameter Seamless Pipe & Tube Mill	Mar-18				& transfer i Wakayama \		
(Kashima) Close UO Pipe Mill	May-19			: Closed & to Kimitsu	transferred Works		
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Progress: Strengthen Manufacturing Capabilities

*BF = Blast Furnace Legend: New measure ★ Plan ★ Done ★ Cancelled

Action	Publication	~FY19 FY20 FY21 FY22 FY23~
(Wakayama) BF Switch	Mar-18	★ Mid Feb-19 : Switch from 5BF to New 2BF
(NIPPON STEEL Structural Shapes) Close Steelmaking Mill Cancellation	Mar-18 Feb-20	End of FY19: Close steelmaking facility and transfer its production to Wakayama Works Cancelled the shutdown of the steelmaking facility
(HOKKAI IRON & COKE CORP. in Muroran) Reline 2BF	Nov-18	★ FY20. 2H: Completion
Coke Oven Refurbishment (Kimitsu) 5 Coke Oven (Hokkai) 5 Coke Oven (Nagoya) 3 Coke Oven	Jul-17 Apr-16 Jun-17 Nov-18	 ★ Feb-19 : Completion ★ Sep-19 : Completion (Completed refurbishment for all coke ovens in Hokkai) ★ FY21.1H: Completion
(Hirohata) Scrap Melting Process	Nov-19	FY22 1H: EAF Completion FY23 1H: Melting furnace closure

Progress: Global Business Development & Domestic Realignment

Legend : New measure ☆ Plan ★ Done ☆ Cancelled

Action	Publi- cation	~FY18	FY19	FY20	FY21~				
NIPPON STEEL NISSHIN									
Becoming our subsidiary,		★ Mar-17 : Ni	sshin became	our subsidiary (8→51%) om Tokyo Stock Exchange				
our wholly owned subsidiary		★ Ja	c. 26", 18 : NIS n. 1 st , 19 : Niss	shin delisted fro	r 100% subsidiary				
Merger	Oct-19		★ Oct	-19 : Announce ★ Apr-20 : Mer	ment				
Integrations of group companies				<u> </u>	-				
Stainless sheets business	May-18	★May-18: Ba	isic agreemen ★Apr-19 : "NI	t PPON STEEL STA	AINLESS STEEL" started				
Stainless Pipe&Tube business	Aug-18		: Basic agreem ★Apr-19 : "NI		AINLESS STEEL PIPE" started				
Realignments of trading firms Nihon Teppan	Sep-18	Dec → sub	c-18: Nihon Te sidiary, and its	ppan became N	ippon Steel Trading's hts for stainless steel				
Merger: NS Stainless and Nippon Stainless Trading	Jan-19		★Oct-20 : Merger						
Realignments of steel making facility engineering & maintenance companies (Business integration of Nippon Steel Texeng & Nippon Steel Nisshin Koki)	Jun-19		★ Jun-19	: Basic agreeme					
Realignments of logistic companies (Business integration of Nippon Steel Logistics & Nippon Steel Nisshin Logistics)	Nov-19			v-19 : Basic agro ★ Apr-20 : Inte					
Realignments of construction steel sheets business Tokai Color Merger of Nippon Steel Coated Sheet and Nippon Steel Nisshin A&C Integration of road-related business between Nippon Steel Metal Products and Kobelco	Sep-18 Dec-19 Mar-20	★ Ja	n-19: Tokai Co	lor became NIS ☆Jul-20: N	•				
Engineered Construction Materials	IVIAI-20	starts							
Transfer of slit dam business from Kobe Steel to Nippon Steel Metal Products	Mar-20			★ <mark>Apr-20: Tran</mark> *NISC: Nippo	<mark>sfer</mark> In Steel Coated Sheet Corporation				

Progress: Global Business Development & Domestic Realignment

New info ☆ Plan ★ Done ☆ Cancelled Legend: Publi-**Action** ~FY18 **FY19 FY20** FY21~ cation AM/NS India ★ Mar-18: Basic agreement Mar-18 ★ Oct-18: CoC declared AM as the successful applicant ★ Mar-19: AM's resolution plan was conditionally approved by NCLT. ★Nov-19: AM's resolution plan was approved by Indian Supreme Court. ★Dec-19: Joint acquisition completed Mar-20 ★ Mar-20: Loan agreement **Special Steel Business** Ovako ★Jun-18: Ovako became our 100% subsidiary Mar-18 ★ Jan-19: Approval from JFTC regarding us making Sanyo subsidiary Sanyo Special Steel Aug-18 ★ Feb-19: Sanyo's Extraordinary general shareholder's meeting ★ Mar-19: Sanyo became our 51% subsidiary, and Ovako became Sanyo's 100% subsidiary Integration and Reorganization of Steel Works as a part of an organizational and Nov-19 ☆ Apr-20: Integration and Reorganization operational review to ensure advances in manufacturing capabilities and enhanced autonomy and efficiency of manufacturing workplaces

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Progress: Other Measures

Legend : New info ★Plan ★Done ★ Cancelled **Action** ~FY18 **FY19** FY20~ Delivering Materials and Solutions for ★ Apr-18: Newly-created "Automotive Material Planning Dept." ★ Apr-18: Newly-created "Integrated Steel Solution Research Lab." ★ Jan-19: Established "NSafe®-AutoConcept" "Our Mission, Designing the Future of Automobiles " Autos etc. to FY2020 3Q: Start operation of 6CGL in Kimitsu Area Address Changes in ★ Aug-19: Electrical steel sheets CAPEX (Yawata #1) determined Society and Industry ★ Nov-19: Electrical steel sheets CAPEX (Hirohata) determined ★ May-20: Electrical steel sheets CAPEX (Yawata #2) determined ★ Apr-16: Newly-created "Advanced Application Technology Planning Dep." **Utilizing Advanced** ★ Apr-16: NSSOL newly-created "loX Solution Business promotion Dep." ★ Oct-17: NSSOL newly-created "AI Research & Development Center" IT in Steelmaking ★ Apr-18: Newly-created Intelligent Algorithm Research Center **Process** ★ Sep-18: Company-wide Safety Support Project (Installment of smart devices to manufacturing front-lines) ★ Apr-19: Introduction of NS-DIGTM ★ FY2020: Start FS of local 5G network system demonstration provided by NSSOL in Muroran Works ★ Nov-18: Issue of international standard (ISO 20915) regarding life cycle inventory calculation methodology for steel products Contributing to ★ Apr-19: The 5th 24 hour in-house nursery in Hirohata Works (Oita, Kimitsu, Yawata, Nagoya, Hirohata) **Achieving** ★ Apr-19 Trial implementation of WFH (Official implementation from Nov-19) ★ Apr-19 Set the direction of retirement extension Sustainable Society ★ May-19: Express our support for recommendations of TCFD (ESG & SDGs) ★Jun-19: Selected for "FTSE4Good Index Series" & "FTSE Blossom Japan Index", Leading Indices for ESG Investment 2 years in a row ★Sep-19: Beverly®Unit won the Excellence Award in EcoPro 2019 (Japanese preeminent environmental exhibition) ★Oct-19: Integrated report and sustainability report were published ★ Dec-19: 9 H-beams products were awarded EcoLeaf environmental label



★ Mar-20: Mega NSHyper Beam ™ was awarded EcoLeaf

★ Feb-20: Nsafe[™]-Hull was awarded Okochi Memorial

★ Dec-19: Held the 1st sustainability briefing

Production Prize

Mega NSHyper Beam ™ was Awarded EcoLeaf Environmental Label

Japanese environmental award managed and operated by Sustainable Management Promotion Organization (SuMPO). This eco-label is awarded to products that disclose quantifiable information about their environmental characteristics with life cycle assessment (LCA) method.

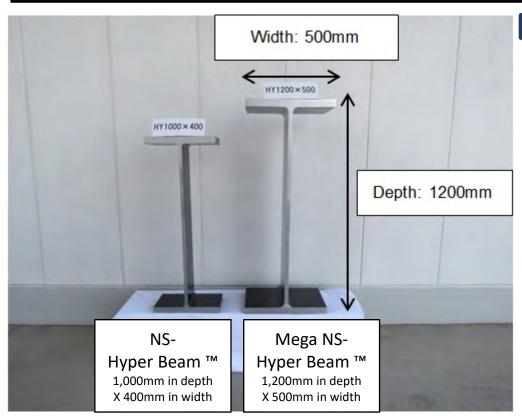












Mega NSHyper Beam [™]
New brand of steel beams with depth of up to 1,200mm, which is about 20% greater than its existing large-sized beams (launched in April 2020)

Nippon Steel Corporation Group will pursue world-leading technologies and manufacturing capabilities, and continue to proactively disclose the environmental performance of steel products, which are extremely recyclable and environmentally friendly and sustainable metal, while contributing to achieve the UN's SDGs.

Appendix 3. Related Indicators

Operational Highlights

Forecasts are rough figures .

		FY18	_		FY	'19		Change						
(MMT)	1H	2H		1H	2H	prev.(f) *1		FY18 1H → FY19 1H	FY18 2H → FY19 2H	FY19 1H → FY19 2H	FY18 → FY19	prev. FY19(f) → *1 FY19		
Non-Consolidated Pig-iron Production	20.49	20.37	40.86	20.52	19.58	40.30	40.09	+0.03	-0.79	-0.94	-0.77	-0.21		
Consolidated Crude Steel Production	23.65	24.19	47.84	24.27	22.79	47.30	47.05	+0.62	-1.40	-1.48	-0.79	-0.25		
Non-Consolidated Crude Steel Production	20.50	20.50	41.00	20.22	19.32	39.70	39.54	-0.28	-1.18	-0.90	-1.46	-0.16		
Non-Consolidated Steel Shipments	18.56	19.41	37.97	18.43	17.88	36.40	36.31	-0.13	-1.53	-0.55	-1.66	-0.09		
Seamless Pipe Shipments	0.47	0.56	1.03	0.49	0.48	0.97	0.97	+0.02	-0.08	-0.01	-0.06	+0.00		
Average Steel Selling Price (k JPY/ton)	88.7	91.2	89.9	87.9	86.7	87	87.3	-0.8	-4.5	-1.2	-2.6	+0		
Steel Export Ratio (Value basis (%))	40.9	38.6	39.7	40.4	39.5	40	40.0	-0.5	+0.9	-0.9	+0.3	+0		
Forex (USD•JPY)	109	112	111	109	109	110	109	Depreciate +0	Depreciate +1	Depreciate +0	Appreciate -2	Depreciate +1		

^{*1} Forecasts as of Feb. 7th, 2020



Key Indicators of Demand

		FY18			F`	Y19		Change					
[Domestic]	1H	2H		1H	2H	prev. (f) *1		FY18 1H → FY19 1H	FY18 2H → FY19 2H	FY19 1H → FY19 2H	FY18 → FY19	prev. *1 FY19(f) → FY19	
Housing Starts (mil. houses)	0.49	0.46	0.95	0.47	0.42	0.89	0.88	-0.02	-0	-0.05	-0.07	-0.01	
Non-residential Construction Starts (mil. m²)	26.97	24.05	51.02	25.83	22.16	49.04	47.98	-1.14	-1.89	-3.67	-3.03	-1.06	
Public Works Orders (bn. JPY)	4,735	5,511	10,246	5,304	5,837	10,780	11,141	+569	+326	+534	+895	+361	
Finished Auto Production (mil. units)	4.63	5.11	9.74	4.82	4.67	9.55	9.49	+0.19	-0.44	-0.15	-0.25	-0.06	
Export of Finished Auto (mil. units)	2.35	2.51	4.86	2.40	2.34	4.75	4.74	+0.05	-0.18	-0.06	-0.12	-0.01	
Overseas Auto Production (8 Japanese car makers) (mil. units)	9.65	9.61	19.25	9.10	8.20		17.30	-0.55	-1.41	-0.90	-1.95		
Large & Middle Sized Shovel Production (thousand units)	39	47	86	45	31	71	77	+6	-15	-14	-9	+5	
Metal Machine Tool Production (thousand tons)	220	218	438	187	157	368	344	-33	-61	-30	-94	-24	
Keel-laid New Ships (mil. gross tons)	5.79	5.67	11.46	6.39	5.80	11.29	12.19	+0.60	+0.13	-0.59	+0.73	+0.90	

Rig Count		CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	Latest		Peak		Bottom	
US	6A	1,875	1,919	1,761	1,862	977	510	875	1,032	944	529	(Apr.17 th)	2,031	(Sep.08)	404	(May.16)
	Deep well (≧15,000ft)	395	324	326	354	205	126	222	230	227	140	(Apr.17 th)	413	(Nov.11)	98	(May.16)
W	orld Total Excl. N. America, Russia & China	1,167	1,234	1,296	1,337	1,167	955	948	988	1,098	1,059	(Mar-20)	1,382	(Jul.14)	920	(Oct.16)

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

*1 Forecasts as of late Dec. 2019



Domestic Steel Consumption by Industrial Sector

		FY18	_		FY	19				Change		
(MMT)	1H	2H		1H	2H	<i>prev.(f)</i> *1		FY18 1H → FY19 1H	FY18 2H → FY19 2H	FY19 1H → FY19 2H	FY18 → FY19	prev. FY19(f) → *1 FY19
Crude Steel Production	52.22	50.67	102.89	50.66	47.76	98.63	98.42	-1.56	-2.91	-2.90	-4.46	-0.20
Domestic Steel Consumption (A + B)	30.83	31.50	62.32	30.36	28.50	59.80	58.86	-0.47	-2.99	-1.85	-3.46	-0.94
% for manufacturing sector	64.7	64.7	64.7	64.6	63.0	64.2	63.8	-0.1	-1.7	-1.6	-0.9	-0.4
Ordinary Steel Consumption (A)	24.29	24.99	49.28	24.08	23.08	47.26	47.16	-0.21	-1.91	-1.00	-2.12	-0.10
Construction	10.48	10.72	21.19	10.34	10.08	20.62	20.42	-0.13	-0.64	-0.26	-0.77	-0.20
Manufacturing	13.81	14.28	28.09	13.74	13.00	26.64	26.74	-0.08	-1.27	-0.73	-1.35	+0.10
Shipbuilding	2.01	1.99	4.00	2.04	1.83	3.64	3.87	+0.03	-0.16	-0.21	-0.13	+0.23
Automotive	5.54	5.88	11.42	5.55	5.43	11.04	10.98	+0.01	-0.45	-0.12	-0.44	-0.06
Industrial Machine	2.56	2.61	5.17	2.54	2.19	4.78	4.72	-0.02	-0.42	-0.35	-0.44	-0.06
Electronic Machine	1.54	1.53	3.07	1.47	1.43	2.89	2.89	-0.07	-0.11	-0.04	-0.18	+0.01
Special Steel Consumption (B)	6.54	6.51	13.04	6.28	5.42	12.54	11.70	-0.26	-1.08	-0.86	-1.34	-0.84

Source: Nippon Steel's estimation

*1 Forecasts as of late Dec. 2019



World Economic Outlook < Released on Apr. 2020 by IMF >

(GDP growth rate)

Numbers in [parethesys] : Prev. IMF's Outlook as of Jan. 2020

		CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY1	19	CY2		CY2 (f	
V	Vorld Total	3.0	-0.1	5.4	4.3	3.5	3.5	3.6	3.5	3.4	3.8	3.6	[2.9]	2.9	[3.3]	-3.0	[3.4]	5.8
	Developed Countries	0.2	-3.3	3.1	1.7	1.2	1.4	2.1	2.3	1.7	2.5	2.2	[1.7]	1.7	[1.6]	-6.1	[1.6]	4.5
	USA	-0.1	-2.5	2.6	1.6	2.2	1.8	2.5	2.9	1.6	2.4	2.9	[2.3]	2.3	[2.0]	-5.9	[1.7]	4.7
	EU27	0.4	-4.5	2.1	1.6	-0.9	-0.3	1.4	2.1	1.9	2.5	1.9	[1.2]	1.2	[1.3]	-7.5	[1.4]	4.7
	Japan	-1.1	-5.4	4.2	-0.1	1.5	2.0	0.4	1.2	0.6	1.9	0.3	[1.0]	0.7	[0.7]	-5.2	[0.5]	3.0
	Developing Countries	5.7	2.8	7.4	6.4	5.4	5.1	4.7	4.3	4.6	4.8	4.5	[3.7]	3.7	[4.4]	-1.0	[4.6]	6.6
	China	9.7	9.4	10.6	9.5	7.9	7.8	7.3	6.9	6.7	6.8	6.6	[6.1]	6.1	[6.0]	1.2	[5.8]	9.2
	India	3.9	8.5	10.3	6.6	5.5	6.4	7.4	8.0	8.2	7.2	6.8	[4.8]	4.2	[5.8]	1.9	[6.5]	7.4
	Russia	5.2	-7.8	4.5	5.1	3.7	1.8	0.7	-2.3	0.3	1.6	2.3	[1.1]	1.3	[1.9]	-5.5	[2.0]	3.5
	Brazil	5.1	-0.1	7.5	4.0	1.9	3.0	0.5	-3.6	-3.3	1.1	1.3	[1.2]	1.1	[2.2]	-5.3	[2.3]	2.9

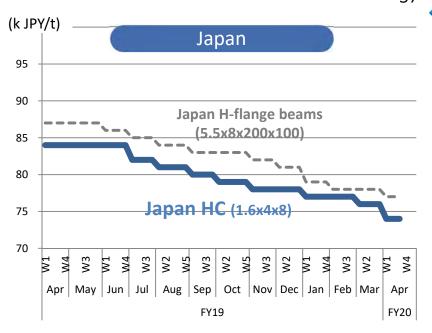
Source : IMF

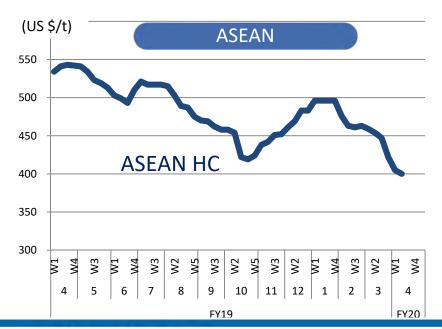


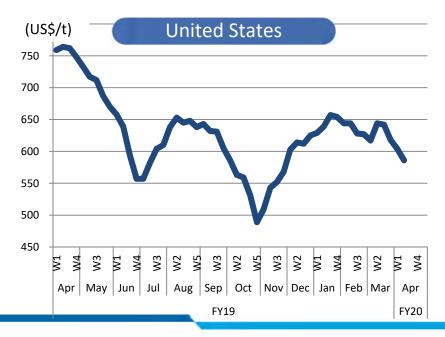
Finished Auto Production (10 Thousand Units/month) **United States** Japan China 300 100 100 250 200 150 50 50 100 •• CY2018 - - CY2019 CY2020 50 0 0 Jan Feb Mar May Jul Jul Aug Sep Oct Nov Jan Feb Mar Apr Jun Jul Aug Sep Oct Feb Mar Apr May Jul Jul Aug Sep Oct India **Thailand** Indonesia 40 20 30 10 20 10 10 0 Jan Mar Apr May Jul Jul Aug Sep Oct Nov Mar Apr May Jul Jul Aug Sep Oct Nov Feb Mar May Jun Jul Aug Sep Nov Dec Mexico Brazil Germany 50 30 30 40 20 30 20 20 10 10 10 0 Aug Sep Oct Nov Dec Jan Feb Mar Apr Jul Jul Aug Sep Oct Jan Feb Mar Apr Jun Jul Aug Sep Oct Nov Jan Feb Mar Apr May Jun Jul

Steel Market Prices









World Crude Steel Production

	CY18	CY19		CY	CY20				
(MMT)	[A]	[B]	Jan	Feb	Mar	Jan - Mar [C]	[D] (C*12/3)	Change [A] →[B]	Change [B] →[D]
World * Total	1,788.9	1,842.1	150.9	144.3	147.1	442.3	1,769.0	+53.2	-73.0
[YoY]	[4.5%]	[3.0%]	[-0.6%]	[3.3%]	[-6.0%]	[-1.3%]			
Japan	104.3	99.3	8.2	7.9	8.2	24.4	97.4	-5.0	-1.8
[YoY]	[-0.3%]	[-4.8%]	[1.3%]	[2.2%]	[-9.7%]	[-2.4%]			
Korea	72.5	71.4	5.7	5.4	5.8	16.9	67.7	-1.1	-3.7
[YoY]	[2.0%]	[-1.5%]	[-8.2%]	[2.8%]	[-7.9%]	[-4.8%]			
USA	86.6	87.8	7.7	7.1	7.2	21.9	87.8	+1.2	+0.0
EU28	167.7	158.8	12.9	13.3	12.0	38.3	153.2	-8.9	-5.6
Russia	72.1	71.7	6.3	5.8	5.9	17.9	71.6	-0.4	-0.1
Brazil	35.4	32.2	2.7	2.7	2.6	8.0	32.1	-3.2	-0.2
India	109.3	111.2	9.3	9.6	8.7	27.5	110.0	+2.0	-1.2
China	922.8	993.4	79.9	74.8	79.0	233.7	934.7	+70.6	-58.7
[YoY]	[6.0%]	[7.7%]	[1.4%]	[5.0%]	[-1. 7 %]	[1.4%]			

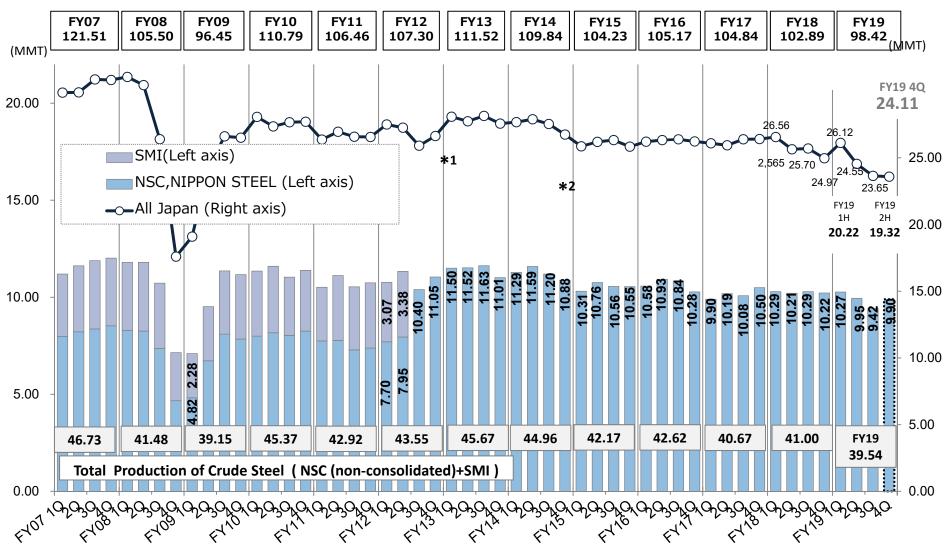
Source: World Steel Association

^{*} Total of 64 countries



Domestic Crude Steel Production

All Japan (MMT)

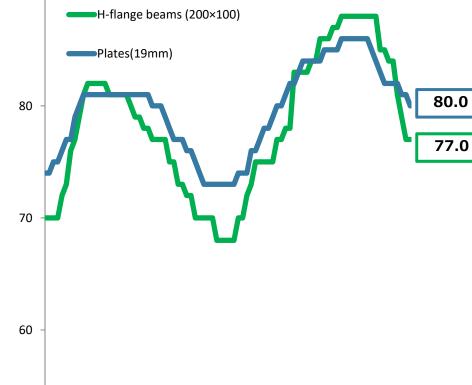


- *1 Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co.
- *2 Includes NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP (~FY2017)

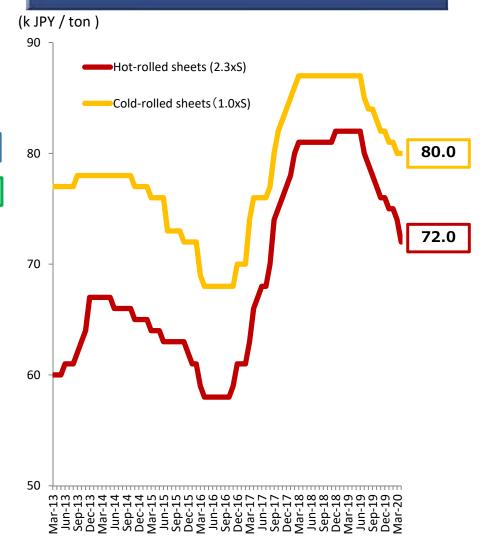


Domestic Steel Products Prices

Plates & H-flange beams (k JPY / ton) 90 7



Hot-rolled sheets & Cold-rolled sheets

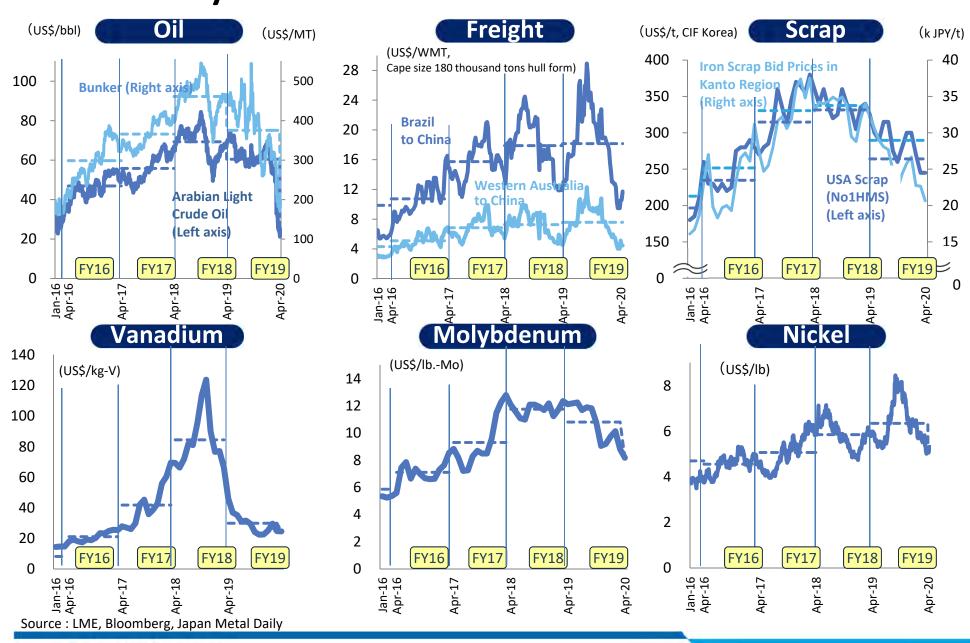


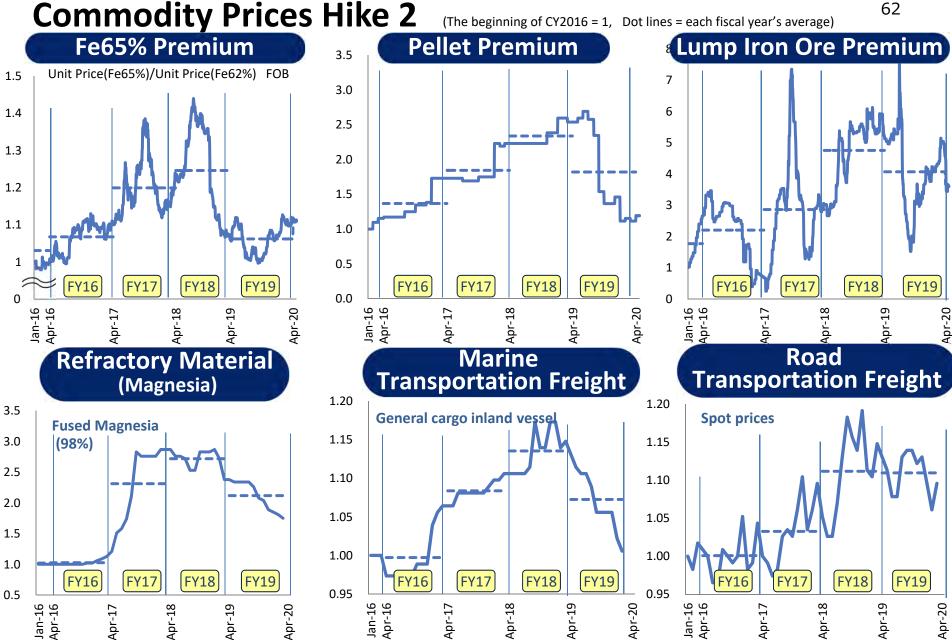
Source: Japan Metal Daily

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Commodity Prices Hike 1

(Dot lines = each fiscal year's average)

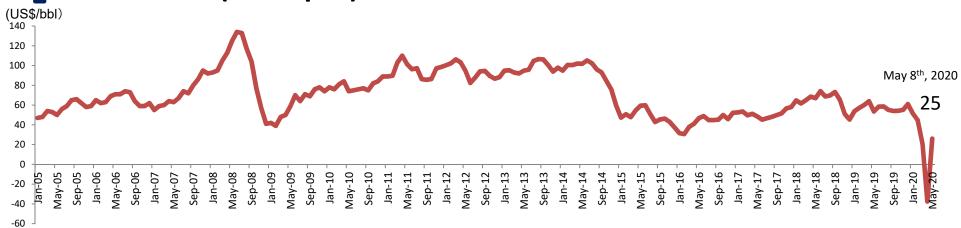


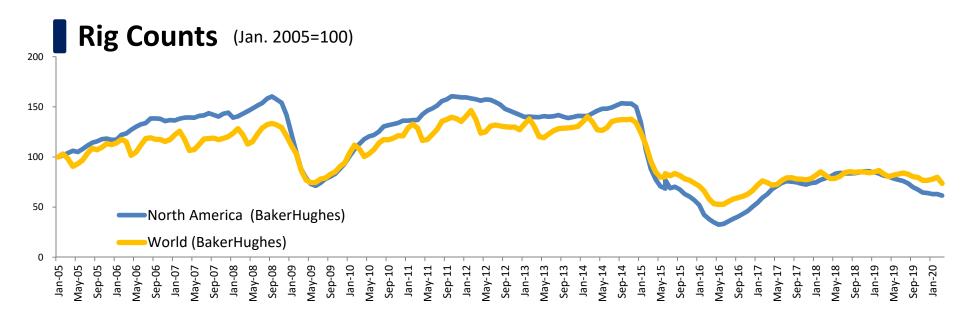


Source: Bank of Japan, Nippon Steel estimation

Energy Sector : Oil Price / Rig Count

US Oil Price (WTI Spot)





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