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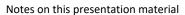
OTC: NPSCY(ADR)



# FY2020 Earnings Summary

May 7<sup>th</sup>, 2021

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. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

#### 2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

#### 3. Business Environment

### 4. Supplementary Material for Financial Results

- **Appendix 1. Progress of Management Strategy Measures**
- **Appendix 2.** Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business
- **Appendix 3. Carbon Neutral Vision 2050**

Appendix 4. Related Indicators



## **FY2020 Earnings Summary**

- Secured consol. business profit in FY2020 exceeding that in FY2019 (excl. impairment losses etc.) even in COVID-19 pandemic with efforts such as drastic improvement of BEP and quick response to sharp decrease of steel demand etc.
- > Secured non-consol. underlying operating profit in FY2020 2H for the first time in 4.5 years.
- Consol. ROS has risen to 8.4%

					Vs.		
	FY2019	1H	2H	FY2020	forecast as	FY20 1H -> FY20 2H	FY19 -> FY20
Non-consol. crude steel production (MMT)	41.85 *	14.64	18.36	33.00	-0.20	+3.72	-8.85
Non-consol. steel shipment (MMT)	38.70 *	14.46	16.77	31.22	+0.02	+2.31	-7.48
Sales (Bn. JPY)	5,921.5	2,241.9	2,587.2	4,829.2	-20.8	+345.3	-1,092.3
Non-consol. operating profit (loss)	(119.3)	(136.1)	31.3	(104.7)		+167.4	+14.6
Business profit (loss)	(284.4) [excl. impairment loss etc.] [76.5]	(106.5)	216.5	110.0	+80.0	+323.0	+394.4 [ <b>+33.5</b> ]
ROS	[1.3%]	(4.8%)	8.4%	2.3%	+1.7%	+13.1%	+1.0%

<sup>\*</sup> Nippon Steel + ex- Nippon Steel Nisshin

### **Consol. Business Profit Variance**

+323.0

+80.0

+104.0

FY2019 (excl. impairment losses etc.)
76.5

FY2020
110.0

+33.5

-249.0

FY2020 (f) as of Feb. 5<sup>th</sup> 30.0 ↓ FY2020 result 110.0

+80.0

+7.0

Consol. Business Profit Variance	
Volume	
Steel prices, product mix, raw materials	
Group companies, non-steel business	

+35.0 -5.0

**-36.0** +46.0

Cost reduction, depreciation cost

+44.0 +285.0

+15.0

Others

+59.0 +38.0 +12.0

Variable cost reduction + 55.0 (vs. forecast as of Feb. 5<sup>th</sup> +5.0)

(MMT)	FY2019	FY2020	FY2020 1H	FY2020 2H
Domestic steel consumption	59.14	52.66	25.13	27.53
Non-consol. crude steel production	41.85	33.00	14.64	18.36
Steel shipment	38.70	31.22	14.46	16.77

Operation rate in FY2020 2H: 80-90%

Fixed cost (cash basis) reduction +110.0 (vs. forecast as of Feb. 5<sup>th</sup> +10.0)

DEP +120.0

Fixed cost reduction +230.0

Cost increase due to volume decline Variable and fixed cost reduction taking advantage of low production rate



(Bn. JPY)

## **Major Initiatives in FY2020**

Quick response to sharp decrease in demand

**Adjustment of BF** operation

**Temporary cost** reduction

Banking of BFs responding to demand decrease in 1H Prompt resumption of BFs responding to demand recovery in 2H

Variable cost increase under low production was offset by temporary cost reduction taking advantage of production cutback

**Tectonic shift to** secure non-consol. operating profit by drastic improvement

**Fixed cost reduction** 230.0 bn. JPY/Y

Variable cost reduction 55.0 bn. JPY/Y Long-term contractual prices improvement

Fixed cost (cash basis) reduction: 110.0 bn. JPY/Y (vs. forecast as of Feb. 5th +10.0 bn. JPY/Y) DEP reduction: 120.0 bn. JPY/Y (approx. 50.0 due to change in depreciation method from declining balance to straight-line, approx. 60.0 due to impairment loss)

(vs. forecast as of Feb. 5th: +5.0 bn. JPY/Y)

Production facility structural measures (announced on Feb. 7<sup>th</sup>, 2020)

**Quick responses** with the prospect of future production framework in mind

Of which, the effect of structural measures: 33.0 bn. JPY/Y

Strengthening overseas business profitability

of BEP

Selection and concentration almost completed [Sold/withdrawn] Steel sheet: I/N Tek, Kote (USA), Bar & Wire: NSCI (USA) Tinplate: PATIN (China), Pipe: VSB (Brazil), etc.

"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".

[Reinforced] AM/NS India, Tinplate: STP became subsidiary (Thailand)

Steel sheet: AM/NS Calvert EAF to be newly established (USA)

**Cash flow management** with emphasis on financial discipline

**Asset compression** 

**CAPEX reduction** 

FY2020 140.0 bn. JPY/Y FY2018-2020 520.0 bn. JPY/3 years (vs. forecast as of Feb. 5<sup>th</sup> +20.0 bn. JPY)

-300.0 bn. JPY/3 years reduction in FY2018-20 (1.7 -> 1.4 trillion JPY/3 years)

The end of FY2020

D/E 0.7

(50% of hybrid bonds/loans is deemed as equity)

2020 Mid-term **Management Plan** Target achieved

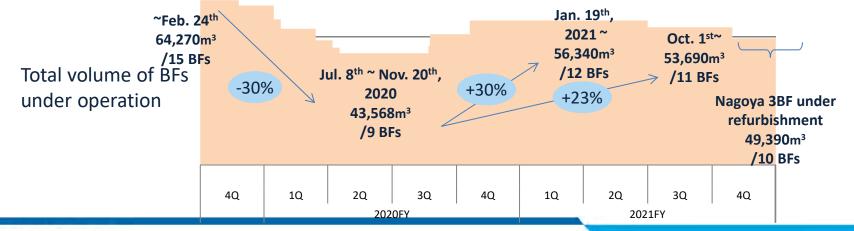


## Quick response to demand decrease and increase

We have quickly responded to the sharp demand change, decrease due to COVID-19 and its recovery, with banking and resumption of BFs, taking production facility structural measures into consideration, which have already been announced on Feb. 2020.

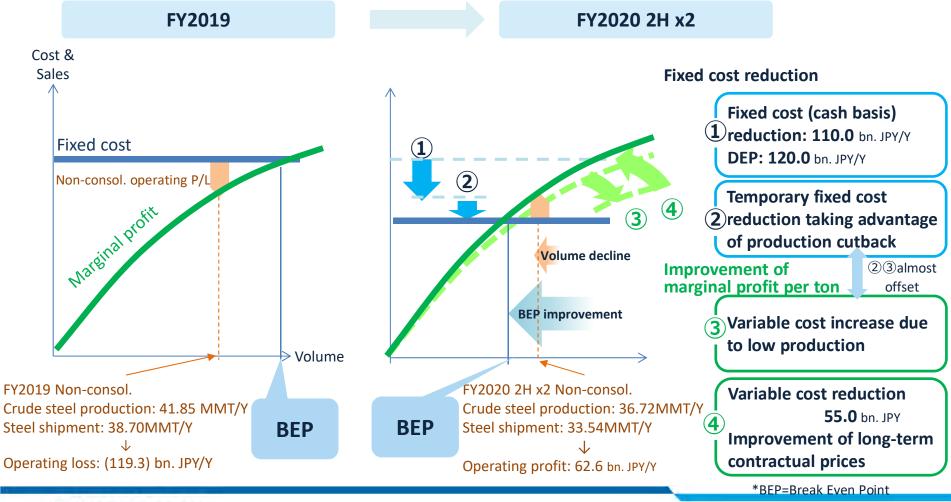
Steelworks	Area	Volu	ıme m³	2019	2020				2021FY	2022~
Steelworks	Alea	VOIU	ine m	4Q	1Q	2Q	3Q	4Q		
Muroran		2BF	2,902	R	efurbishme	n <mark>t from Ju</mark>	I. 8 <sup>th</sup>	estarted op	eration on Nov. 21st	
	Kashima	1BF	5,370		Ва	nking from	Apr. 15 <sup>th</sup>	Resta	rted operation on Jan.	19 <sup>th</sup> Shutdown by the end
East	Nasiiiiid	3BF	5,370							of FY2024 (planned)
Nippon	Vimitau	2BF	4,500		Banki	ng from Ju	n. 14 <sup>th</sup>	Restarted	operation on Nov. 23 <sup>rd</sup>	of F12024 (plainted)
	Kimitsu	4BF	5,555							
Nagova		1BF	5,443							
Nagoya		3BF	4,300						Refu	urbishment (planned)
Kansai	Wakayama	1BF	3,700		Bar	king from	Apr. 25 <sup>th</sup>	•	Shutdown b	y the end of FY2021 1H (planned)
Nalisai	vvakayama	2BF	3,700			Ŭ				
Setouchi	Kuro	1BF	2,650							the end of FY2021 1H (planned)
Setouciii	Kure	2BF	2,080		Banl	king from F	eb.25 <sup>th</sup>		Shutdown by	y the end of FY2021 1H (planned)
	Yawata	4BF	5,000							
Kuuchu	(Kokura)	2BF	2,150	l	anking fro	m Jul 18 <sup>th</sup>	Already b	been shutdo	wn by the end of Sep.,	2020
Kyushu	Oita	1BF	5,775							
	Oita	2BF	5,775							

BF: Blast Furnace \*Banking is a measure to temporarily stop BF production but make it possible to restart production at a later date by stopping the air blast flow.



## Improvement of BEP

We have established profitable structure to secure non-consol. operating profit even with low shipment volume by drastically reducing fixed cost and significantly improving BEP.



## Improvement of Overseas Business Profitability

South America

6.90

For electric appliances, container, and others (downstream)

Simple sum of full capacity without taking equity

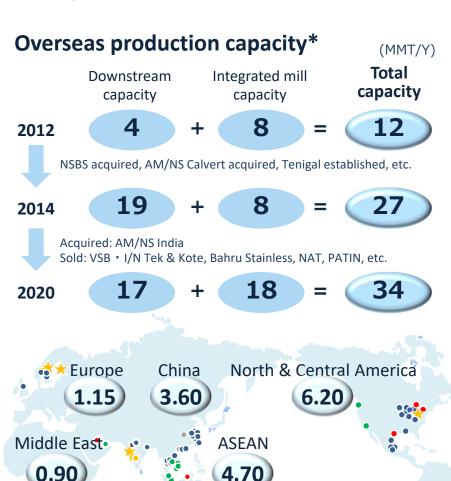
ratio for each company into consideration (MMT/Y)

Integrated steel mill

Downstream base of

For auto (downstream)
 For energy and resources (downstream)
 For infrastructure (downstream)

integrated steel mill



Expanding businesses in demand-growing regions and sectors where our technology and products are preferred.

Almost completing the withdrawal from businesses which would not be economically viable for us to continue.

Businesses sold/ withdrawn in FY2020

Steel sheet: I/N Tek & Kote (USA), Bar & Wire: NSCI (USA)

Tinplate: PATIN (China), Pipe: VSB (Brazil), etc. Businesses reinforced/ concentrated in FY2020

AM/NS India, Tinplate: STP made subsidiary (Thailand)

Steel sheet: AM/NS Calvert EAF to be newly established (USA), etc.

## Overseas business is steadily boosting consolidated profit.

## Trend of contribution to consol. business profit by overseas business

Ordinary profits in subsidiaries + share of profit in investments accounted for using the equity method (underlying profit excl. one-off factors such as inventory valuation, etc.)



\* Simple sum of full production capacity of i) companies in which we have 30% or more equity interests (including USIMINAS) among companies subject to World Steel Association's crude steel production statistics; and ii) our equity method affiliates with less than 30% equity interests to which we provide semi-finished products (AGIS), in each process



**Overseas total** 

production capacity

India

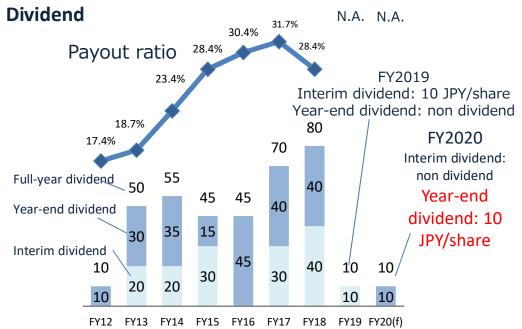
10.50

34.00

## Additional Line Items, Net Profit, Year-end Dividend

(Bn. JPY)	FY2019	1H	2Н	FY2020
Consol. business profit (loss)	(284.4)	(106.5)	216.5	110.0
Additional line items	(121.7)	(42.2)	(56.3)	(98.6)
Net profit (loss)*	(431.5)	(191.1)	158.7 vs. fored Feb. 5 <sup>th</sup>	(32.4) cast as of +87.6

<sup>\*</sup> Profit (loss) attributable to owners of the parent



#### **Additional line items**

FY2019: 121.7 bn. JPY
Impairment loss (78.7) bn. JPY
(all facilities in Kure Area to be shutdown)
Losses on sale of business (20.2) bn. JPY
(ZNW, overseas subsidiary of NS Engineering, etc.)
Losses on inactive facilities: (22.7) bn. JPY
(UO pipe mill in Kashima Area, hot strip mill and precision product lines in Nippon Steel Stainless Steel's Kinuura Plant, etc.)

FY2020: (98.6) bn. JPY

Losses on inactive facilities: (79.9) bn. JPY

(upstream facilities in Kokura Area (39.8) bn. JPY, Nippon Steel Stainless Steel (Kinuura Plant to be shutdown, etc.) (25.1) bn. JPY, etc.)

Losses on sale of business: (18.7) bn. JPY

(loss on sale of VSB (23.6) bn. JPY, gain on sale of I/N Tek & Kote, etc.)

Due to a decrease in production and shipment volume due to the impact of COVID-19, etc., the net loss in FY2020 resulted to be 32.4 bn. JPY. However, taking into consideration the recent recovery and the improving outlook in business performance, we plan to pay an year-end dividend of 10 JPY per share as announced on Feb., 5<sup>th</sup>.

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Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

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Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

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### FY2021 Forecast

V-shaped recovery of business performance is expected. Profit structure has been significantly improved. Aiming to substantially reach a record-high level of profit after the integration of ex-Nippon Steel and Sumitomo Metal\*.

Taking a firm step toward achieving FY2025 medium- to long- term profit targets.

\* Consol. business profit (consol. ordinary profit for before 2017) The highest profit after the integration in Oct. 2012

- FY2014: 471.3 bn. JPY (ex-Nippon Steel Sumitomo Metal 451.7 + ex-Nisshin Steel 19.6)

			1		(-		
		EV2020		FV2024/f\	FY20 2H	FY20	FY2025
(Bn. JPY unless	2H	FY2020	1H(f)	<b>FY2021(f)</b> re rough figures	-> FY21 1H(f)	-> FY21(f)	Medium- to long-term plan
otherwise noted)			Nullibers	le rough figures	Numbers are	rough figures	iong-term plan
Non-consol. crude steel production (MMT)	18.36	33.00	20.50	40.00	+2.14	+7.00	Approx. 38.00
Non-consol. Steel shipment (MMT)	16.77	31.22	18.50	36.00	+1.73	+4.78	
Sales	2,587.2	4,829.2	3,000.0	6,000.0	+412.8	+1,170.8	
Non-consol. operating profit (loss)	31.3	(104.7)		230.0		+304.7	
Consol. Business profit	216.5	110.0	250.0	450.0	+33.5	340.0	
ROS (%)	8.4%	2.3%	8.3%	7.5%	-0.0%	+5.2%	Approx. <b>10</b> %
Additional line items	(56.3)	(98.6)	(45.0)	(85.0)	+11.3	+13.6	
Net profit*	158.7	(32.4)	130.0	240.0	-28.7	+272.4	

<sup>\*</sup> Profit (loss) attributable to owners of the parent

FY2021(f) additional line items: (85.0) bn. JPY

Losses on inactive facilities approx. (125.0) bn. JPY (1H(f): upstream facilities in Kure Area, a series of upstream facilities in Wakayama Area, 2H(f): steel plate mill in Nagoya Works) etc.

Gain on sale of land: ex-Tokyo Works approx. 40.0 bn. JPY



## **Major Initiatives in FY2021**

Based on the non-consolidated profitable structure to secure operating profit built in FY2020, we will surely capture demand with stable production under robust strong business environment while improving steel prices.

Steady improvement of business performance

Steady implementation of production facility structural measures

Deepening and expansion of overseas business

Challenge to Zero-Carbon Steel
Contribution to carbon neutral
society

Cash flow management with emphasis on financial discipline

- 1) Maximization of profit by continual stabilization of operation and facility performance
- 2) Further variable cost reduction by further improvement of operation efficiency
- 3) Continual negotiation with customers to improve long-term contractual prices and to maintain and improve margin, including reflection of cost increase such as raw materials and other commodities' price hike, etc.

**Establishment of furtherly stronger profit structure** by steadily implementing production facility structural measures regardless of short-term improvement of business environment.

#### Effect of structural measures in FY2021: 20.0 bn. JPY/Y

(the accumulation of the effects so far: 55.0 bn. JPY out of 150.0 bn. JPY)

Facilities to be shutdown in FY2021 by the end of 1H: upstream facilities in Kure Area,
a series of upstream facilities in Wakayama Area, etc.
by the end of 2H: steel plate mill in Nagoya Works

Major CAPEX within FY2020.4Q~FY2021: 6CGL in Kimitsu Area to start full operation #3 coke oven in Nagoya Works to start operation, #3BF in Nagoya to be refurbished

**Steady implementation of growth strategy** such as improvement of profit and capacity in AM/NS India

Capture global demand growth taking advantage of global supply system and improve overseas companies' profits

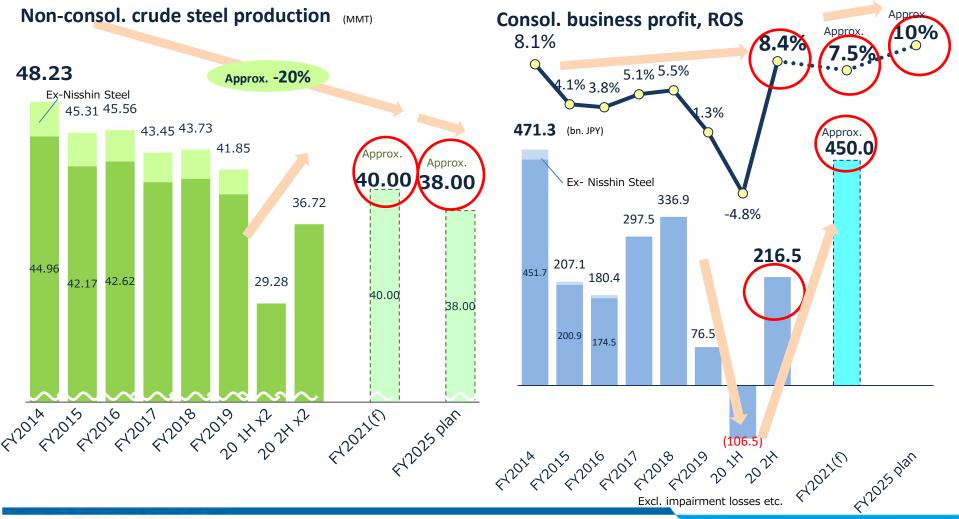
Reorganization to aim **developing and practically implementing breakthrough technologies ahead of other countries** (Zero-carbon steel project has been launched on Apr. 1<sup>st</sup>, 2021.) (Zero-carbon committee was established in Apr., 2020.) Reinforcement of high-functionality products which meet to emerging needs for carbon neutrality (electrical steel sheet, ultra-high-tensile strength steel sheet, etc.)

Sales of land (Itabashi, Tokyo: ex-Tokyo Works) is scheduled for Jun. 2021. (Gain on sales of land: 40.0 bn. JPY in consol. basis, 75.0 bn. JPY in non-consol. basis)

## V-shaped Recovery of Consol. Business Profit

Aiming to reach the highest level of profit after integration of ex-Nippon Steel and ex-Sumitomo Metal even with low production and shipment volume in FY2021 (crude steel production volume vs. FY2014 approx. -20%)

Also aiming ROS of approx. 10% in FY2025, even though volume would further decrease

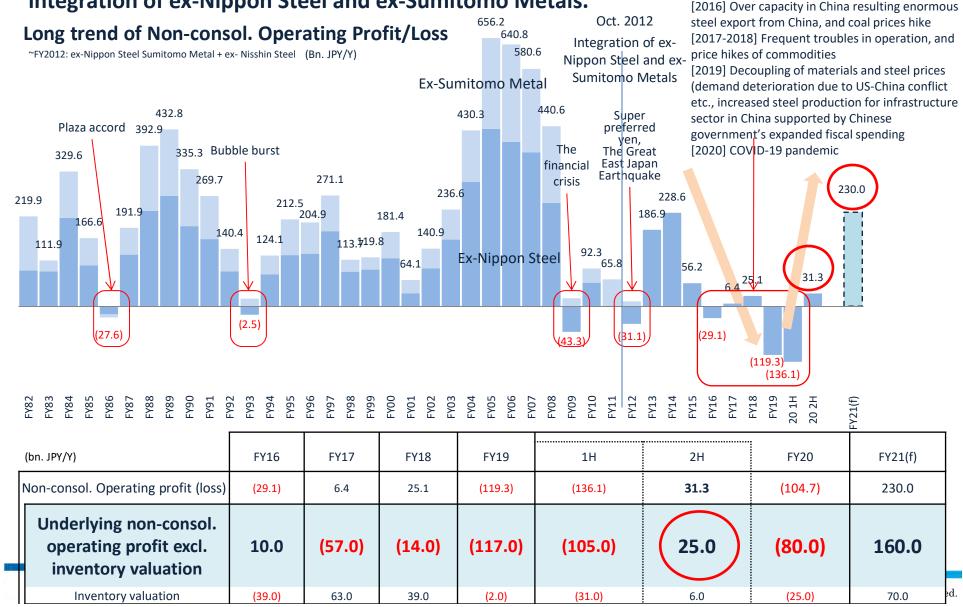


## Tectonic shift to secure non-consol. operating profit

Underlying non-consol. operating P/L excl. inventory valuation in FY2020 2H resulted as surplus for first time in 4.5 years.

We aim to secure operating profit 230.0 bn. JPY in FY2021, the highest level after the integration of ex-Nippon Steel and ex-Sumitomo Metals.

[2016] Over capacity in China results a secure operating profit 230.0 bn. JPY in FY2021, the highest level after the integration of ex-Nippon Steel and ex-Sumitomo Metals.



## The Challenge of Zero-Carbon Steel and Contribution to Carbon Neutral Society



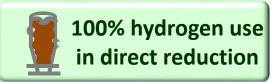
The challenge of Zero-Carbon Steel

R&D capability to realize Zero-Carbon Steel will be the key for future competitiveness, profitability, and brand power.

Take on the challenge to develop and practically implement breakthrough technologies, which do not exist worldwide yet, ahead of the other countries, as Nippon Steel's top priority issue.







Reorganization to aim developing and practically implementing breakthrough technologies ahead of other countries

- Zero-carbon committee was established in Apr., 2020.
   Zero-carbon steel project has been launched on Apr. 1<sup>st</sup>, 2021.

We will further strengthen the R&D for zero-carbon steel, which is so far world-leading in sectors such as hydrogen injection into BF, and continue to lead the world.

**Contribution to Carbon Neutral Society** 

Reinforcement of products that meet emerging social needs for carbon neutrality (electrical steel sheet, ultra-high-tensile strength steel sheet, etc.)

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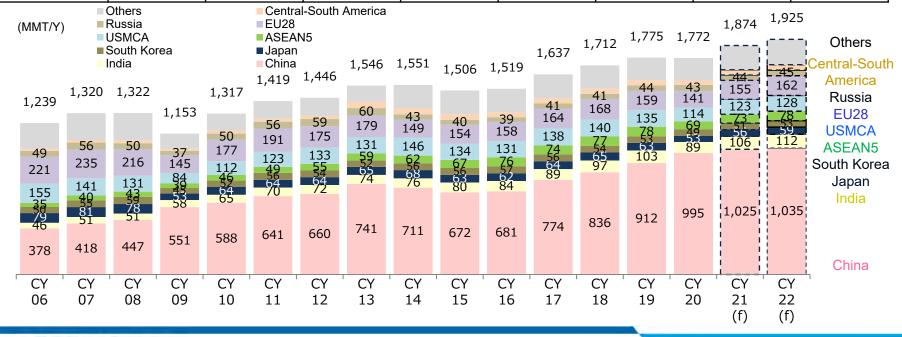
### **World Steel Demand**

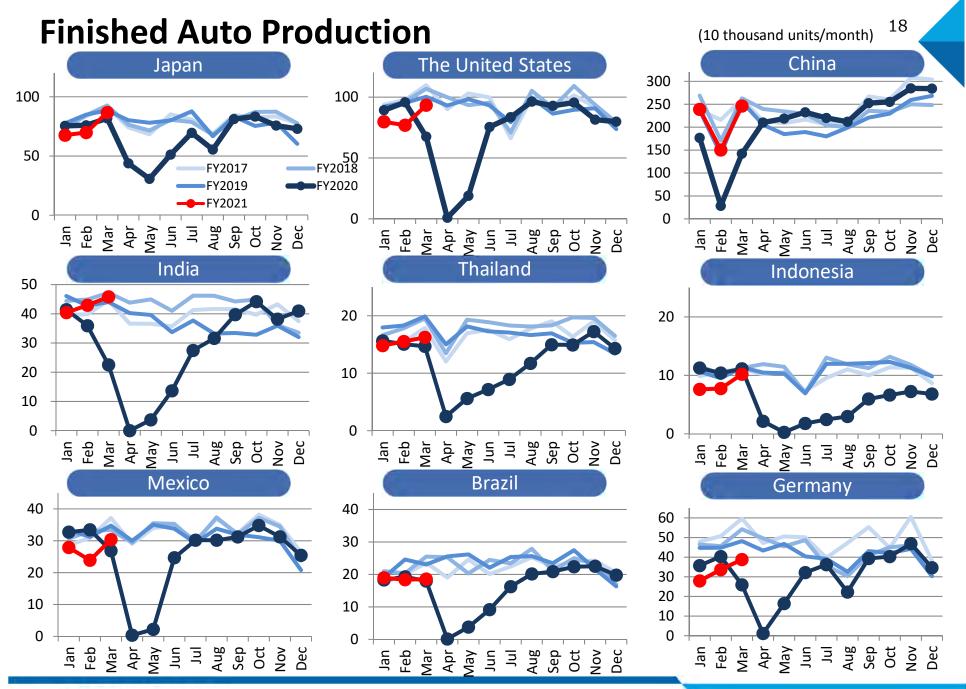
(Source: World Steel Association forecast as of Apr., 2021, apparent steel use)

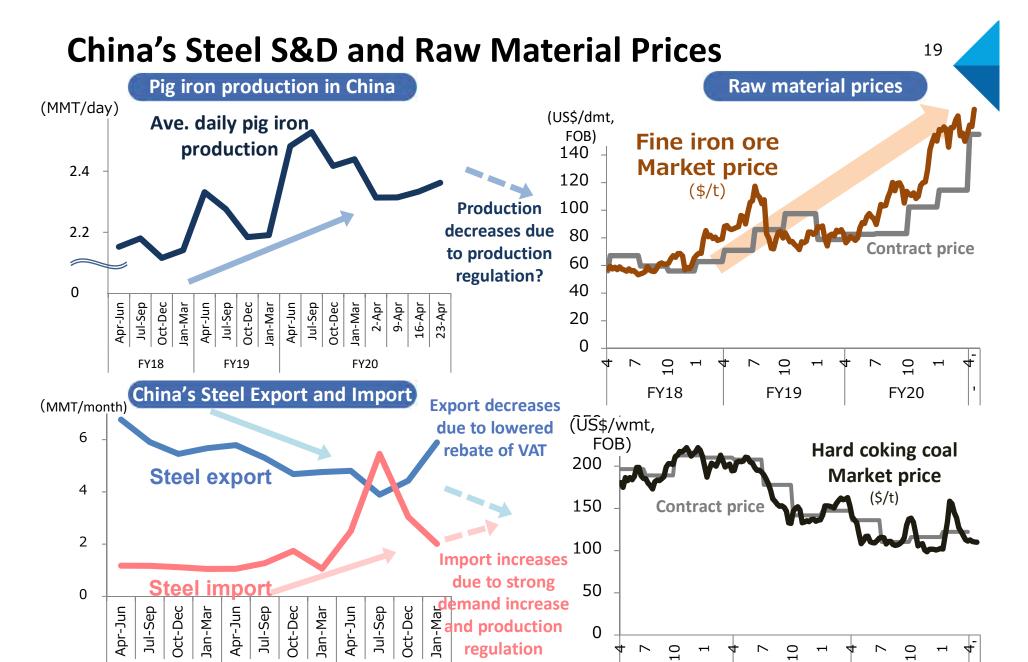
World steel demand is expected to steadily recover in CY2021.

China, which accounts for 60% of world's steel production, has announced a production reduction in CY2021, and S&Ds in other regions are expected to be tightened.

	II		Cl ·	G .1 .7	ACEANIE	1 11	1168464	51120
MMT/Y	World	Japan	China	South Korea	ASEAN5	India	USMCA	EU28
CY2020	1,772	53	995	49	69	89	114	141
vs as of Oct. 2020	+49	+2	+15	+0	-4	+7	-1	+6
2019->20 change	-3	-11	+83	-4	-9	-14	-21	-18
vs previous year	-0.2%	-16.8%	+9.1%	-8.0%	-11.9%	-13.7%	-15.7%	-11.4%
CY2021(f)	1,874	56	1,025	51	73	106	123	155
vs as of Oct. 2020	+81	+1	+45	+1	-4	+6	+0	+6
2020->21 change	+102	+3	+30	+3	+4	+18	+9	+14
vs previous year	+5.8%	+6.5%	+3.0%	+5.2%	+6.2%	+19.8%	+7.6%	+10.2%







FY18

FY19

FY20

FY20

FY19

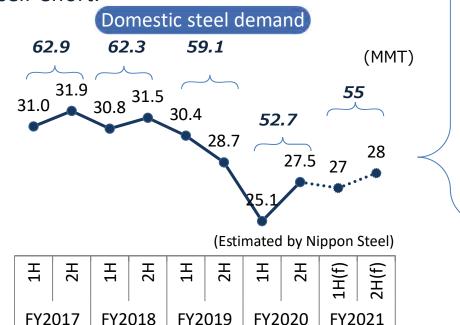
FY18

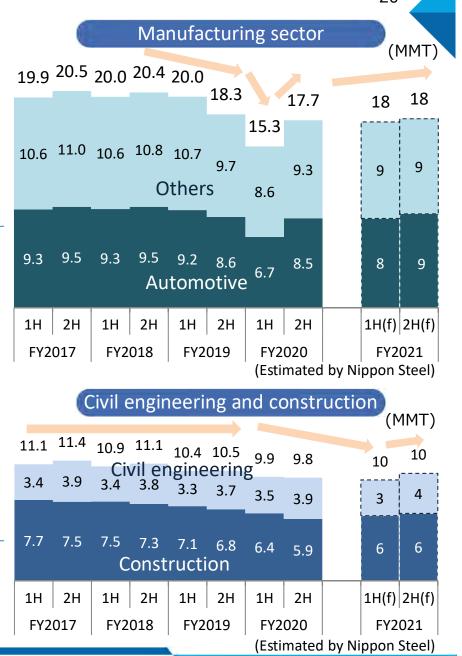
### **Domestic Steel Demand**

Demand had been declining since FY2019 mainly in indirect exports in manufacturing sector, and the decline gathered speed due to COVID-19 impacts in FY2020 1H.

Demand has recovered in FY2020 2H and reached 55 MMT/Y, though still less than the level before pandemic.

Even in the business environment with such a low demand level, we aim to substantially achieve the highest profit level after integration of ex-Nippon Steel and ex-Sumitomo Metals by self-effort.





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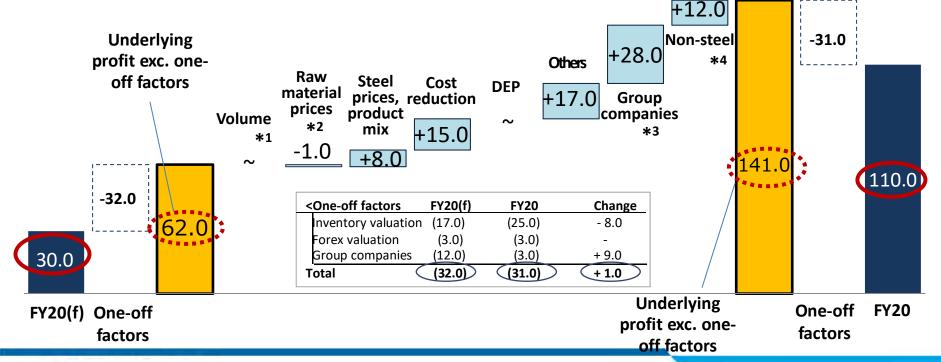
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## **Business Profit Variance Analysis (FY20(f) vs. FY20)**

(bn. JPY)	FY20(f) [A]	FY20 Result [B]	Change [♣ B]
Business profit	30.0	110.0	+80.0
<underlying profit=""></underlying>	<62.0>	<141.0>	<+ <b>79.0</b> >
Steel	0	63.5	+63.5
Non-steel	37.0	49.2	+12.2
Adjustment	(7.0)	(2.7)	+4.3

- \*1Crude steel production: approx. -0.20 MMT (approx. 33.20->33.00)
  Steel shipment: approx. +0.02MMT (approx. 31.20->31.22)
- **\*2**Incl. carry over +3.0 (18.0 $\rightarrow$ 21.0)
- \*3<Improve> Operational support, EAFs, Nippon Steel
  Stainless Steel, domestic and overseas re-rollers, etc.
- **\*4**Engineering +2.7, Chemicals & Materials +7.6, System Solutions +1.9



### **Business Profit Variance Analysis (FY19 vs. FY20)**

(bn. JPY)	FY19 [A]	FY20 [B]	Change [♣ B]
Business profit	76.5	110.0	+33.5
<underlying profit=""></underlying>	<126.5>	<141.0>	<+14.5>
Steel	35.6	63.5	+27.9
Steel Non-steel	35.6 55.3	63.5 49.2	+27.9 -6.1

Other one-off factors (8.0)

Total

(50.0)

(31.0)

(31.0)

-23.0

+19.0

(FY19: excl. impairment losses etc.)

\*1 Crude steel production: -8.85 MMT (41.85\*->33.00) Excl. one-off factors: -9.54MMT

(FY19 excl. one-off factors: 42.54\*)

Steel shipment -7.48 MMT (38.70\*->31.22)

Excl. one-off factors: -7.78MMT (FY19 excl. one-off factors: 39.00\*)

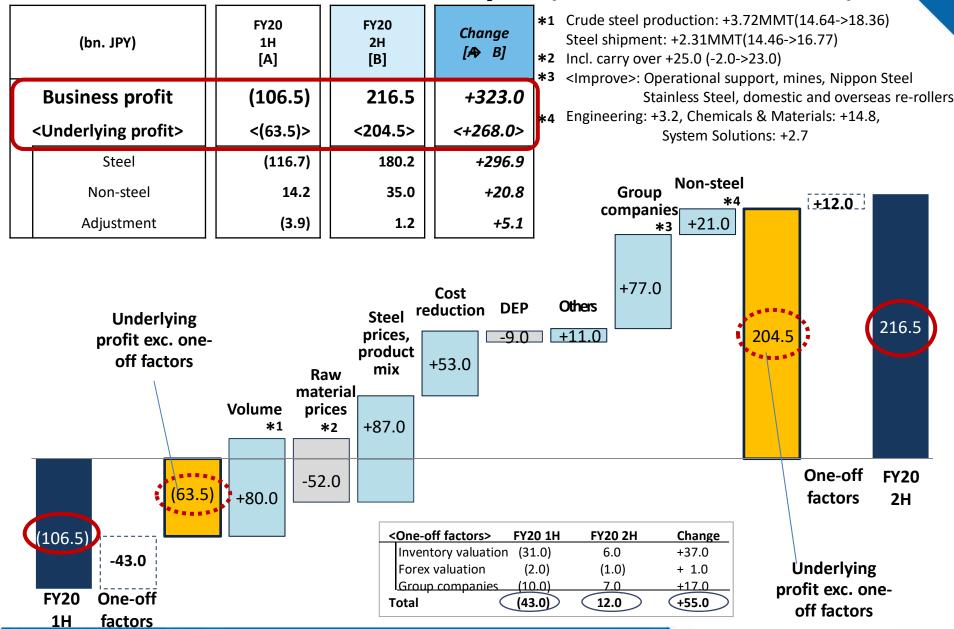
\*FY19 incl. ex-Nippon Steel Nisshin (overlaps eliminated)

- \*2 Indl. Carry over +39.0 (-18.0 $\rightarrow$ 21.0)
- \*3 Effect of impairment +60.0, change in depreciation method +50.0
- \*4 < Deteriorate > Operational support, mines, EAFs, domestic and overseas re-rollers, etc.

<Improve> AM/NS India resulted to be in profit

\*5 Engineering:+7.0, Chemicals & Materials: -10.8,

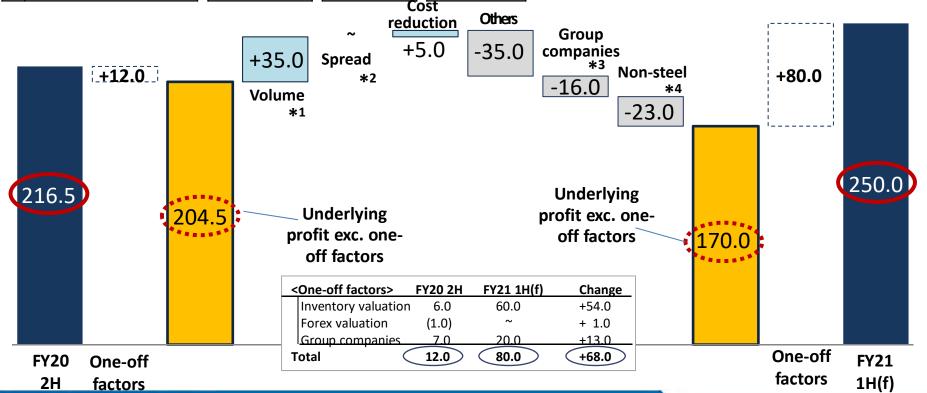
**Underlying profit** excl. one-off factors System Solutions:-2.2 Others DEP<sub>\*3</sub> Non-steel +20.0 Volume \*1 -31.0 Group -6.0 +120.0 -8.0 -42.0 companies Cost reduction 110.0 76.5 -249.0 Raw Steel material prices, +165.0 One-off FY20 Other Disas-**FY19** Base cost reduction +285.0 one-off prices product ters factors Variable cost +55.0 factors mix \*2 Fixed cost (cash basis) **+165.0** +110.0 +33.0 -38.0 Underlying profit DEP +120.0 excl. one-off factors <One-off factors> FY19 FY20 Change The effect of production cutback  $\pm 0$ (42.0)Disasters +42.0 Cost increase due to low production Inventory valuation (1.0) (25.0)-24.0 **Almost** Temporary cost reduction taking Forex valuation (3.0)- 3.0 offset Group companies (7.0)(3.0)+4.0advantage of production cutback



### **Business Profit Variance Analysis (FY20 2H vs. FY21 1H(f))**

(bn. JPY)	FY20 2H [A]	FY21 1H(f) [B]	Change [♣ B]	
Business profit	216.5	250.0	+33.5	
<underlying profit=""></underlying>	<204.5>	<170.0>	<-34.5>	
Steel	180.2	240.0	+59.8	
Non-steel	35.0	12.0	-23.0	
Adjustment	1.2	(2.0)	-3.2	

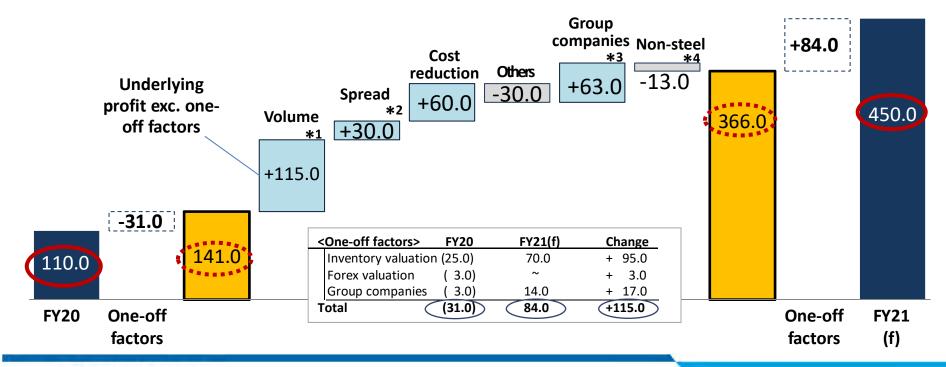
- \*1 Crude steel production: approx. +2.14MMT (18.36->approx. 20.50) Steel shipment: approx. +1.73MMT (16.77->approx. 18.50)
- \*2 Incl. carry over +19.0 (23.0->42.0)
- \*3 <Improve>: Mines, etc.
  - <Deteriorate>: Operational support, Nippon Steel Stainless Steel, domestic re-rollers, etc.
- **\*4** Engineering: -10.4, Chemicals & Materials: -10.2, System Solutions: -2.3



## **Business Profit Variance Analysis (FY20 vs. FY21(f))**

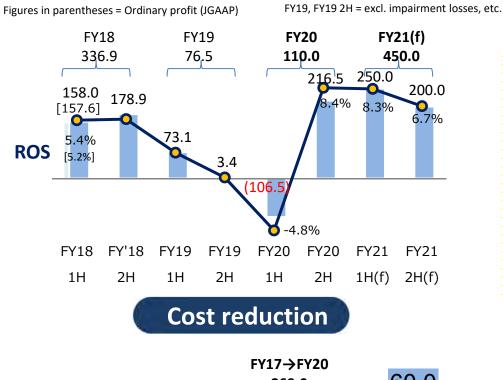
(bn. JPY)	FY20 [A]	FY21 (f) [B]	Change [♣ B]	
Business profit	110.0	450.0	+340.0	
<underlying profit=""></underlying>	<141.0>	<366.0>	< <b>+225.0</b> >	
Steel	63.5	420.0	+356.5	
Non-steel	49.2	36.5	-12.7	
Adjustment	(2.7)	(6.5)	-3.8	

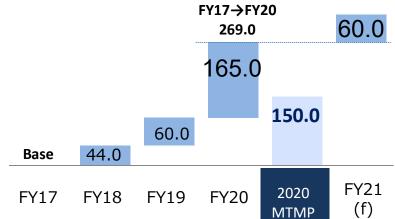
- \*1 Crude steel production: approx. +7.20MMT (33.00->approx. 40.00) Steel shipment: approx. +5.38MMT (31.22->approx. 36.00)
- \*2 Incl. carry over +21.0 (21.0->42.0)
- \*3 <Improve>: Mines, Nippon Steel Stainless Steel, domestic and overseas re-rollers, etc.
- \*4 <Deteriorate>: Operational support, EAFs, etc. Engineering: -14.7, Chemicals & Materials: +0.9, System Solutions: +1.1



## Key Indicators (bn. JPY)

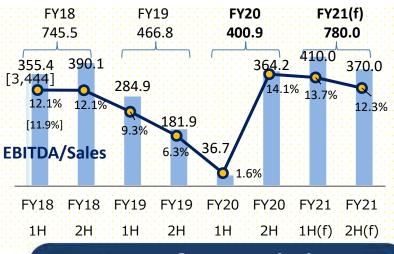
### **Business profit**



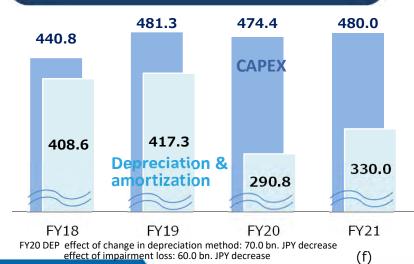


#### **EBITDA**

IFRS: Business profit + DEP + amortization + impairment loss JGAAP: Ordinary profit + net interest + DEP + amortization Figures in parenthesis = JGAAP



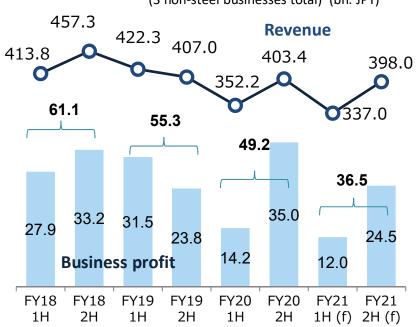
### **CAPEX & Depreciation**



### **Non-Steel Businesses**

### Revenue & Business Profit

(3 non-steel businesses total) (bn. JPY)



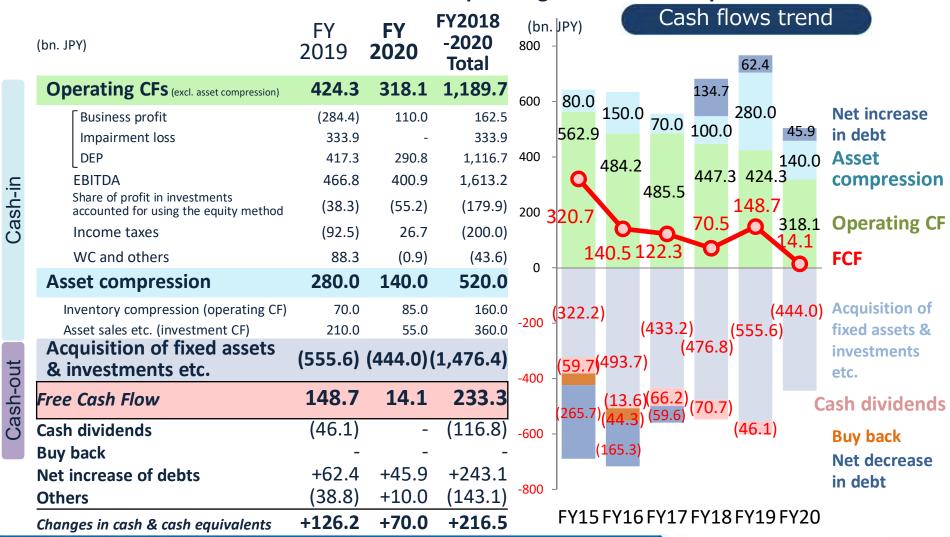
Engineering &	FY19		FY20	FY21		FY19→	FY20→
construction		2H		1H(f)	(f)	FY20	FY21(f)
Revenue	340.4	172.9	324.4	110.0	270.0	-16.0	-54.4
Business profit	10.7	10.4	17.7	0.0	3.0	+7.0	-14.7
Chemicals &	FY19		FY20	FY21		FY19→	FY20→
Materials		2H		1H(f)	(f)	FY20	FY21(f)
Revenue	215.7	99.7	178.6	100.0	200.0	-37.1	21.4
Business profit	18.4	11.2	7.6	1.0	8.5	-10.8	+0.9
System Solutions	FY19		FY20		FY21		FY20→
.,		2H		1H(f)	(f)	FY20	FY21(f)
Revenue	273.2	130.7	252.4	127.0	265.0	-20.8	12.6
Business profit	26.1	13.3	23.9	11.0	25.0	-2.2	+1.1

Segment FY2019 vs. FY2020		FY2020 vs. FY2021(f)					
Engineering & Construction	Despite the decrease in revenue due to electricity retail business shrink etc., profit increased due to thorough management of large projects and completion of some projects, etc.	While the strong investment in the energy sector is expected, the business environment is expected to be worse than FY2020 due to a decrease in investment in steel mills, a sales off-term for large-scale construction project in environment sector, and intensifying competition in urban infrastructure sector, etc.					
Chemicals & Materials	Profit declined due to decrease in sales of needle coke and decline of chemicals prices caused by COVID-19 pandemic, etc.	Although the business environment for coal-chemical business remains to be unexpected, demand is in recovery trend mainly in overseas market. The revenue and profit are expected to increase due to the recovery of chemicals prices and improving sales of functional materials.					
System Solutions	Profit in 2H resulted in par with FY19.2H due to a recovery trend of sales which have declined due to the COVID-19 impact, but profit in full- year basis resulted to be still lower than FY19 due to the profit decline in 1H.	While working on medium-term growth measures, the company is aiming to increase revenue and profit by steadily capturing needs for DX investment mainly from platformers, for digital workplace solutions, from customers in IT infrastructure sector, and for IT outsourcing, etc.					



### **Cash Flows**

In response to the decrease in operating CFs, we have implemented cash management with financial discipline: to make CAPEX as efficient as possible and compress assets more than initial plan, so that the total CAPEX and business investment for growth and refurbishment be in line with the amount of operating CFs + asset compression or less.



### **Balance Sheet**

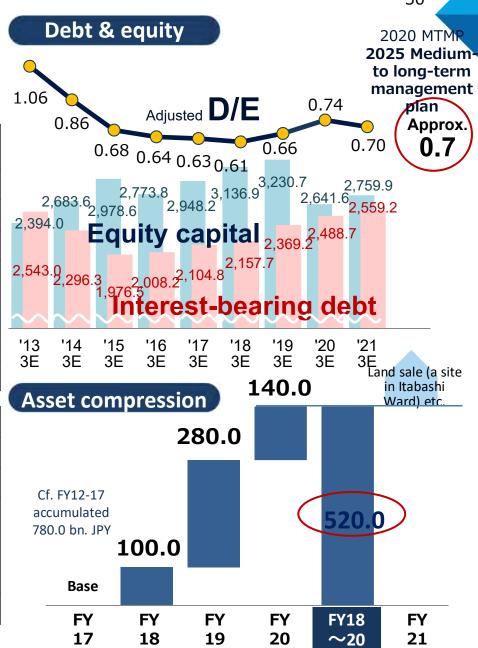
Achieved D/E target 0.7 in 2020 mediumterm management plan with efforts of asset compression and issue of hybrid bonds/loans, despite the decrease of

operating CFs

(bn. JPY)	End of Mar. 2020	End of Mar. 2021
Current assets	2,784.9	2,672.6
Inventories	1,532.1	1,349.3
Fixed assets	4,659.9	4,901.2
Tangible fixed assets	2,812.5	2,954.9
Investments accounted for using the equity method	or 878.2	817.3
Investment in securities	418.5	578.8
Assets	7,444.9	7,573.9

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	Liabilities	4,448.3	4,442.5
	Interest-bearing debt	2,488.7	2,559.2
	Net assets	2,996.6	3,131.3
	Equity capital	2,641.6	2,759.9
	Unrealized gains on available-for-sale securities*	111.9	207.3
	Non-controlling interest in consolidated subsidiaries	355.0	371.3
	Liabilities & assets	7,444.9	7,573.9

<sup>\*</sup> Fair value of financial assets measured at fair value through other comprehensive income



## **Topics-ESG**

### Our Integrated Report was selected as an "Excellent Integrated Report"

Our Integrated Report 2020 was selected for the first time in the second year of its issuance as the "Excellent Integrated Report" selected by asset managers that are entrusted with the domestic equities of the Government Pension Investment Fund (GPIF). It is structured in line with the value creation process model of IIRC (International Integrated Reporting Council) framework, has a new chapter on Nippon Steel's strategy for future risks and opportunities, and describes the main points of materiality in ESG issues.



## The 7<sup>th</sup> nursery to open in Muroran Works

- > 7<sup>th</sup> nursery following those in Oita, Kimitsu, Yawata, Nagoya, Hirohata, and Kashima
- Opening: January, 2022 (planned)
- > If needed, 24-hour childcare will be available



## **Topics-Technology**

#### Received the "Derwent Top 100 Global Innovator 2021 Award"

Nippon Steel was recognized as one of the world's most innovative companies by analysis of the trend in intellectual property and patents, based on the patent data owned by Clarivate Analytics for the 9<sup>th</sup> consecutive years. Nippon Steel is the only steel company in the world given an award for the 9th consecutive year, from 2013.

Received the "Ichimura Prize in Industry for Distinguished Achievement" for the 3<sup>rd</sup> consecutive years with the development of ultra-high-tensile strength steel sheet processing technologies

Nippon Steel has developed sheet forming technologies "Free Bend Sheet Forming" and "Notchless Flange-up Forming" to optimally control material deformation and mold equipment to realize them. The technologies and the mold equipment enable complicated processing of ultra-high-tensile steel sheets and contribute to "lightening and increasing strength of vehicle bodies" and "significant improvement in yield in customers' processes. They are already been applied to more than 10 million automobiles, contributing to the reduction of 42,300 tons/ year of CO<sub>2</sub> emissions.

Received the "Japan Open Innovation Prize: Minster of Land, Infrastructure, Transport and Tourism Prize" and "Naoji Iwatani Memorial Award" with the development and practical implementation of highly ductile steel plates NSafe<sup>TM</sup>-Hul

NSafe<sup>TM-</sup>Hull has already been applied to 31 vessels, including 7 Very Large Crude oil Carrier (VLCC), and has contributed to the prevention of oil spills and the improvement of vessel safety.

Nippon Steel received "Minister of Land, Infrastructure, Transport and Tourism Prize" for the first time as a steel manufacturer.



Received the "Commendation for Science and Technology by the Minster of Education, Culture, Sports, Science and Technology" with the development of eco-friendly ultra-high-tensile strength steel wire for bridge cables.

Nippon Steel has developed the <u>world's first</u> wire rod for bridge cables that can be drawn without LP process, which has a high environmental load, and realized reduction of environmental load (lead-free, reduction of  $CO_2$  emissions) and improvement of productivity. It is already been applied to the cables of some of the world's top 10 longest bridges, contributing to strengthening Japan's international competitiveness in social infrastructure development.

### 1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

#### 2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

#### 3. Business Environment

### 4. Supplementary Material for Financial Results

#### **Appendix 1. Progress of Management Strategy Measures**

**Appendix 2.** Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

**Appendix 3. Carbon Neutral Vision 2050** 

**Appendix 4. Related Indicators** 



## Progress: Selection and Concentration of Facilities, Products, and Businesses

\*BF = Blast Furnace

Legend: New measure ★ Plan ★ Done ★ Cancelled

Early transition to domestic optimal production system and strengthening of competitiveness

		Action	Publication	~FY19	FY20		FY21	FY22	FY23~
		(Yawata) Optimization of upstream processes  (Tobata) New continuous casting	IVIGI 10	<b>★</b> May-19: co	ompletion	*		·	peration started
Upstream		(Tobata) Closure of a continuous casting (Kokura) Closure of the upstream processes - Schedule moved up	Feb-20		▼ ★ Ser	× ☆ 0-20		20: closure <del>20: closure</del>	
	Upstre	(Kure) Closure of the upstream processes and the hot-rolling lines	Feb-20				<b>☆</b> End	d of FY211H: clo upstream proce	/ =
-	ám	(Wakayama) Closure of a BF and related facilities - Schedule partially moved up	Feb-20 Mar-21				The	FY22 1	H: closure H: closure of #4 coke oven, etc. H: closure of #1BF, #5 coke oven, #5-1 sintering
		(Kimitsu) Closure of a continuous caster (Kashima) Closure of one series of upstream facilities	Mar-21 Mar-21					★The end of	
(	Steel plate	(Nagoya) Closure of the steel plate mill - Schedule moved up	Feb-20 Nov-20					The end of I	<del>22 2H: closure</del> FY21: closure
6	late	(Kashima) Closure of the steel plate mill	Mar-21						FY24 2H: closure
9	Shapes	(Kimitsu) Closure of the large-shape mill	Mar-21					The end of I	
0	pes	(Kashima) Closure of the large-shape mill	Mar-21						The end of FY24: closure
		(Kashima) Closure of the UO pipe line	May-19	★ Oct-	-19: closure				
	Pipe &	(Kimitsu) Closure of the UO pipe line (Kimitsu Tokyo) Closure of the small-	Mar-21					The end of - with	FY21: closure drawal from UO pipe business
2	& tube	diameter seamless pipe mill	Mar-18		<b>★</b> May-	-20:	closure		
Ì		(Wakayama Kainan) Closure of a small- diameter seamless pipe mill (west)	Mar-21						The end of FY25: closure

## Progress: Selection and Concentration of Facilities, Products, and Businesses

Legend: New measure ★ Plan ★ Done ★ Cancelled Early transition to domestic optimal production system and strengthening of competitiveness

	-u, u.u	у (1111-1111)		,				
	Action	Publication	~FY19	FY20	FY21	FY22	FY23~	
	(Hirohata) Closure of the tinplate line - Schedule moved up	Nov19 Feb20	FY21 2H: closure  The end of FY20: closure					
	(Hanshin Sakai) Closure of some sheet lines	Feb20	The end of FY20: closure  The end of FY22: closure (1GA					
Ste	Closure of some hot-dip galvanizing lines	Mar21	The end of FY22: closure (  Closure (1CGL)					
Steel sheet	(Kashima) Closure of a pickling lines	Mar21	The end of FY22 1H: closure					
hee	(Kure) Closure of hot strip mill and pickling lines	Feb20	The end of FY23 1F closure					
ť	(Hanshin Osaka) Closure of the site	Mar21	The end of FY23 1H to the end of FY23: closi					
	(Wakayama) Closure of all steel sheet lines	Mar21	↑ The end of FY24 closure					
	(Kimitsu) Closure of a hot-dip galvanizing line	Mar21	The end of FY24					
spec	(Oita Hikari Pipe & Tube) Closure of titanium welded pipe production line	Feb20	★The end of FY21 1H: closure					
Titan ial sta	(Naoetsu) Closure of a special steel line	Mar21	★The end of FY21: closure					
Titanium & special stainless	(Kansai Osaka) Closure of the titanium raw material plant	Mar21				<b>☆</b> The o	end of FY22 1H: closure	
steel	(Kansai Osaka) Closure of the special equipment for titanium round bar manufacturing	Feb20				7	The end of FY22: closure	
Sta	(Nippon Steel Stainless Steel Kinuura) Closure of the hot strip mill - Schedule moved up	Feb20 Nov20	$lackbox{f V}$					
Stainless stee	Closure of the dedicated facility for production of precision products	Feb20	0 ★ Sep20: closure					
s ste	Closure of all other facilities	Mar21	↑21 ★The end of FY21: closure					
eel	(Nippon Steel Stainless Steel Shunan) Closure of some cold-rolling and annealing lines	Mar21						
	Closure of an EAF	Mar21					The end of FY23: closure	

## Progress: Selection and Concentration of Facilities, Products, and Businesses

\*BF = Blast Furnace

Legend : New measure ☆ Plan ★ Done ☆ Cancelled

Early transition to domestic optimal production system and strengthening of competitiveness

Action	Publication	~FY19	FY20	FY21	FY22	FY23~			
(Wakayama) BF Switch	Mar-18	★ Mid Feb-19 : Switch from 5BF to New 2BF							
(HOKKAI IRON & COKE CORP. in Muroran) Reline 2BF	Nov-18	★ Nov-20: Completion							
(Nagoya) Reline 2BF	Jun-20	★ FY22. 1H: Completion							
Coke Oven Construction (Kashima) 2E Coke Oven Coke Oven Refurbishment	Sep-15	★ May-18 : Completion							
(Kimitsu) 5 Coke Oven	Apr-16		★ Feb-19 : Completion						
(Hokkai) 5 Coke Oven	Jun-17	★ Sep-19 : Completion (Completed refurbishment for all coke ovens in Hokkai)							
(Nagoya) 3 Coke Oven	Nov-18	★ FY21.1H: Completion			etion				
(Yawata) New Continuous Casting Facility	Mar-16	★ May-19 : Completion							
(Hirohata) Scrap Melting Process	Nov-19	FY22 1H: EAF Completi FY23 1H: Me furnace clos				LH: EAF Completion			
(NIPPON STEEL Structural Shapes)		End of FY19: Close steelmaking facility and				facility and transfer			
Close Steelmaking Mill	Mar-18	its production to Wakayama Works							
Cancellation	Feb-20								
(Nagoya) Installment of a next						FY26.1Q: Start operation			
generation hot strip mill	Mar-21	(after the start of full operat of the new mill, the existing hot strip mill will be shutdov							

Legend : New info ☆ Plan ★ Done ☆ Cancelled

Strengthen Quality and Volume of Globally-competitive Strategic Products

Action	Publi- cation	~FY18	FY19	FY20	FY21~
<b>Electrical Steel Sheets Investr</b>					
for capacity & quality improve Step 1: Yawata (1)	ement				
•	Aug-19		★ Aug-19: C	APEX decision in Ya	wata
Step 2: Hirohata (1)	Nov-19		★ Nov-19	: CAPEX decision in	Hirohata
Step 3: Yawata (2)	May-20		*	May-20: CAPEX dec	
Step 4: Hirohata (2)	Nov-20			★ Nov-20:	: CAPEX decision in Hirohata
Addition: Hirohata (3)	Mar-21				FY24 1H: Full operation
Super High-tensile Steel Shee	ts			<b>.</b>	la a 24. Canadalia
(Kimitsu) 6 CGL	Apr-18			* 1	Jan-21: Completion
(Nagoya) a next generation hot strip mill	Mar-21				FY26.1Q: Start operation

Strengthen Overseas Business Responding to Local Consumption Trend

Action	Publi- cation	~FY18	FY19	FY20	FY21~
AM/NS India	Mar-18	*	CoC declared AM as Mar-19: AM's reso ★ Nov-	-19 : AM's resolut approæ dby ec-19: Joint acquis Mar-20: Loan ag ★Jul-20: Acq	ditionally approved by NCLT. ion plan was IndanSupeme Court.
AM/NS Carvert New EAF	Nov-20				★FY23.1H: Completion

\*OSPIL: Odisha Slurry Pipeline Infrastructure Limited Company managing the Odisha state slurry pipeline which AM/NS India uses to transport fine ore from a beneficiation plant to a pelletization plant owned by AM/NS India

Legend : New info 🛠 Plan 🖈 Done 🛠 Cancelled

Withdrawal from or realignment of businesses that have already completed their roles, or businesses that no longer have any synergies with Nippon Steel

Action	~FY18	FY19	FY20	FY21~				
Sale of Partnership Interest in Bahru Stainless (Stainless steel sheet business in Malaysia)	<b>*</b> D	ec-18: Sold						
Dissolution of ZNW (Special cold rolled steel sheet business in China)		★ De	ec-19: Stopped p	roduction				
Sale of Partnership Interest in NAT (Stainless steel pipe business in the US)		*1	Feb-20: Sold					
Dissolution of N-EGALV (Electrogalvanized steel sheet business in Malaysia)	★ Jun-20: Stopped product							
Sale of Partnership Interests in I/N Tek and Kote (Cold rolled and galvanized steel sheet business in the US)			<b>★</b> De	c-20: Sold				
Sale of Partnership Interest in PATIN (Tinplate business in China)			<b>★</b> De	c-20: Sold				
Sale of Partnership Interest in VSB (Seamless pipe business in Brazil)				★ Dec-20: Sold				
Withdrawal of NSCI (Steel wire for cold heading business in the US)								

# **Progress: Actions for Tackling the Climate Change Through Innovation**

Legend : New Info → 🛠 Plan 🖈 Done 🛠 Cancelled

Action	~FY18	FY19	FY20~
Eco-Process	<b>★</b> Nov		ational standard (ISO 20915)  ycle inventory calculation methodology for steel products
	High-Tensile ★ J. Steel Sheet	an-19: Established "	NSafe®-AutoConcept" "Our Mission, Designing the Future of Automobiles "  ★ Jan-21: Operation of 6CGL in Kimitsu Area started
Eco-Products®	Electrical Steel Sheet		Electrical steel sheets CAPEX (Yawata #1) determined  19: Electrical steel sheets CAPEX (Hirohata) determined  May-20: Electrical steel sheets CAPEX (Yawata #2) determined  Nov-20: Electrical steel sheets CAPEX (Hirohata #2) determined  FY24 1H: (Hirohata #3) full operation
	Others	. (j ★ Dec ★	everly®Unit won the Excellence Award in EcoPro 2019 apanese preeminent environmental exhibition) -19: 9 H-beams products were given EcoLeaf environmental label Mar-20: Mega NSHyper Beam ™ was given EcoLeaf Oct-20: 3 tinplate products were given EcoLeaf Feb-20: NSafe™-Hull was awarded Okochi Memorial Production Prize Feb-21: NSafe™-Hull was awarded Japan Open Innovation Prize Mar-21: NSafe™-Hull was awarded Naoji Iwatani Memorial Award Apr-21: Ultra-high-tensile strength steel wire for bridge cables was awarded Commendation for Science and Technology
Eco-Solution		eved a cumulative t	otal of 50 CDQ* orders in China (73 as of the end of FY18) otal of 100 CDQ* orders overseas d of FY18, 20.74 MMT-CO2 / year of CO2 emission reduction)
Aiming for Carbon-free and Circular Society		<b>★</b> Oct-19:	Integrated report and sustainability report were published -19: Held the 1st sustainability briefing  Jun-20: Expressed support for "Challenge Zero" program of Japan Business Federation, and released 10 innovative challenges  Jul-20: Was selected for "FTSE4Good Index Series" & "FTSE Blossom Japan Index", Leading Indices for ESG Investment 3 years in a row
			unced CO2 emissions reduction scenario r more reduction in total CO2 emissions vs 2013

2050 Vision: Carbon neutral

# Progress: Digital Transformation, Responses to Work Style Change

Legend : New info 쓪 Plan 🖈 Done 🛠 Cancelled

**Enhancement of Digital Transformation** 

Action	~FY18	FY19	FY20~					
Reorganization to Enhance Digital Transformation	★ Apr-16: NSSOI ★ Oct-17: NSSO	L newly-created " DL newly-created ' wly-created Intelli	ted Application Technology Planning Dep."  IoX Solution Business promotion Dep."  "AI Research & Development Center"  gent Algorithm Research Center  ★ Apr-20: Newly-created "Digital Innovation Div."					
Utilizing Advanced IT in Steelmaking	·	Company-wide Sa	afety Support Project (Installment of smart devices to manufacturing front-lines)  action of NS-DIG™  ★ Jun-20: Implementation of AI image recognition system					
Process		★ Apr-20: Full-scale system for WFH prepared ★ Dec-20: Demonstration for establishment of basis for operation monitoring in steelworks utilizing NEC's AI technology started						
Local 5G Private Network			Aug-20: Started FS of local 5G network system demonstration provided by NSSOL in Muroran Works					

**Responses to Work Style Change** 

Action	~FY18	FY19	FY20~
24 Hour Nursery	7		24 hour in-house nursery in Hirohata Area 'awata, Nagoya, <u>Hirohata</u> )  Dec-21: The 6 <sup>th</sup> 24 hour in-house nursery in <u>Kashima</u> Area to open Jan-22: The 7 <sup>th</sup> 24 hour in-house nursery in <u>Muroran</u> Works to oper
Work System	•	Apr-19: Trial int	d accompany leave system started croduction of WFH system (official introduction in November) retirement age 65 years old policy decision Apr-20: Transfer exemption system started
System Improvement to support WFH		★ Sep-19	Apr-20: Implementation of Microsoft Teams (Company-wide) Development of general-purpose workflow system In planning to end using "hanko" stamp and implement electronic seal authentication system

# 1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

#### 2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

#### 3. Business Environment

# 4. Supplementary Material for Financial Results

**Appendix 1. Progress of Management Strategy Measures** 

**Appendix 2.** Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

**Appendix 3. Carbon Neutral Vision 2050** 

Appendix 4. Related Indicators



# **Toward Medium- to Long-Term Management Plan FY2025 Targets**

To secure ROS 10% and ROE 10%, Nippon Steel will establish optimal production framework with "concentrated production", "higher-level order mix", and "renewal and improvement of facilities" assuming medium- to long-term change: decrease in domestic demand, deterioration of export profitability, and increase in high grade steel demand.

Nippon Steel will steadily implement production facility structural measures regardless of short-term improvement of business environment.

Further improve BEP by establishing optimal production framework

Improve group companies' profits

Improve non-steel business profits

#### Improvement of marginal profit per ton

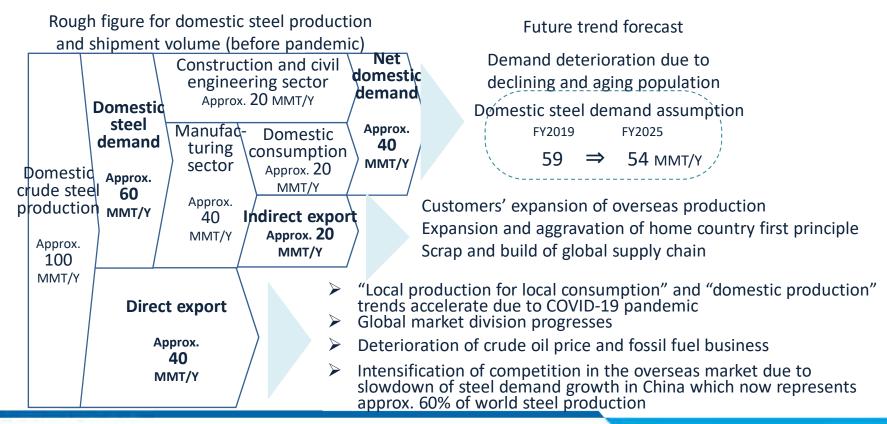
- ➤ Higher-level order mix
- Improvement of long-term contractual prices and margins
- Variable cost reduction
- Avoiding cost increase due to low production

#### Maintaining low fixed cost

- Fixed cost reduction including the effect of production facility structural measures, which offsets cost increase in DEP and other cost temporarily been reduced during pandemic
- Boosting profits in overseas businesses
- Strengthening group companies' competitiveness and profitability
- Enhancement of collaboration with group companies and reinforcement of the management system
- Boosting profitability in consolidated basis including group company re-rollers
- > Optimization of group company structure by selection and concentration
- Engineering & Construction: Expansion of stable earnings from O&M business, reinforcement of EPC business in renewable energy sector and infrastructure sector
- Chemicals & Materials: Concentration of resources to electronic materials field and expand the businesses of products with their specialty
- > System Solutions: Steady growth through concentration to DX business

# Medium- to Long-Term Steel S&D Change Assumption

- 1) World steel demand increase mainly in Asia
- 2) High grade steel demand increase, including emerging needs for carbon neutrality
- 3) Domestic demand decrease, deterioration of export profitability, and intensification of competition in overseas market



# **Production Facility Structural Measures**

Restructuring the domestic steel business based on the assumption of medium- to long-term S&D changes

Promoting production facility structural measures and selective concentration on

products and facility

Total number of domestic BFs



**BFs** 



**5** units





**Annual crude** steel production capacity

Reduction 10 MT/Y Approx. -20%

Listed above +Nippon Steel Stainless Steel Shunan EAF

**Cost reduction** 

**¥150** bil/Y

Improvement of labor productivity

Reduction of essential personnel 20% or more 15 -> 10 units

The end of Sep., 2020: Kokura BF

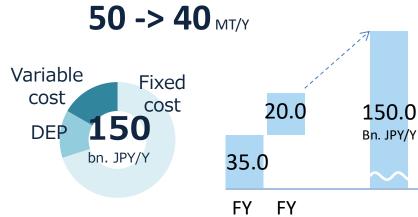
The end of Sep., 2021: Kure #1, 2 BFs,

Wakayama #1 BF

The end of FY2024: Kashima #3BF

#### Crude steel production capacity

Non-consol. + Nippon Steel Stainless Steel



From FY2021 to the end of FY2025 Reduction by production facility structural measures and

DX measures etc. all combined

(Nippon Steel + contractors)

# **Building an optimal production framework and** Realizing higher-level order mix

Selective concentration on certain products and facilities

**Build optimal production framework** 

Concentrated production

**Optimize fixed cost level** 

Improve marginal profit by realizing

higher-level order mix

**Build an optimal production framework** 

**Higher-level order** 

mix

Renewal and improvement of facilities

Aggressive investment in strategic products

Efforts to make technological strength lead to profit generation

Rough figure for higher-level order mix

Before structural measures

High value added products

**Production facility structural** Aggressive investment in

strategic products Expansion of high value added products

Capacity approx. -20% Selective concentration on certain products and facilities

measures

**Commodities** 

FY2025 Medium- to Long-Term Plan

High value added products

**Commodities** 

Respond to increasing demand for high grade steel including emerging needs for carbon neutrality

Break away from the business model of maintaining facilities on the premise of continuing low-profit exports

# Medium- to Long-Term Management Plan: Improvement of BEP by FY2025

#### FY2020 2H x2

Non-consol. operating profit has recovered to reach surplus due to significant improvement of break even cost with significant fixed

cost reduction Cost &

Volume

FY2020 2H x2 non-consol.

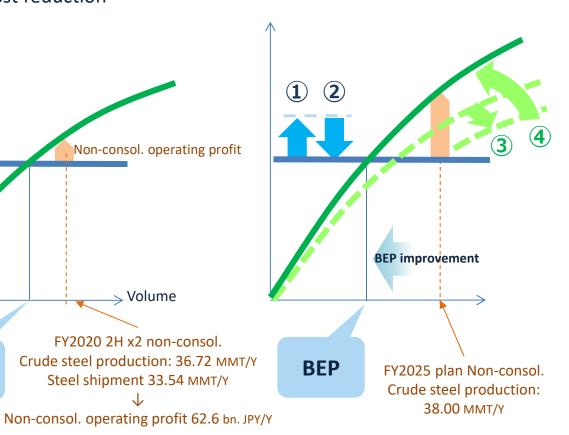
Steel shipment 33.54 MMT/Y

Sales

Fixed cost

Marginal profit

**BEP** 



Medium- to Long-Term Plan (FY2025)

Planning to further improve non-consol. operating profit by further improving marginal profit and BEP

#### **Fixed cost**

**Temporary fixed cost** reduction in FY2020 taking advantage of production cutback lasts

#### Increase in DEP

due to CAPEX for growth such as preparation for higher level order mix. renewal and improvement of facilities, etc., CAPEX for zero-carbon steel, and CAPEX for facility refurbishment, etc.

Fixed cost (cash basis) 2 reduction (incl. the effect of structural measures)

#### **Marginal profit**

Deterioration of profitability in commodity export

Higher level order mix, Improvement of long-term contractual prices, variable cost reduction (incl. the effect of structural measures)

BEP=Break Even Point

	Announ- cement	Steelworks	Facilities for shutdown	Approximate time of shutdown ( : completed)
	New	East Nippon Works Kashima Area	One series of upstream facilities (No.3 BF, No.2-A,B,C,D coke ovens, No.3 sintering machine, and No.1 steelmaking plant)	The end of FY2024
	New	East Nippon Works Kimitsu Area	No.1 continuous casting machine	The end of FY2021
Upstream	Feb. 2020		Currently-suspended facilities in one series of upstream facilities (No.1 BF, No.5 coke oven, No.5-1 sintering machine)	FY2022 1H→ Moved up to the end of FY2021 1H
facilities	→ Moved up this time	Kansai Works Wakayama Area	Running facilities in one series of upstream facilities (No.4 coke oven, part of No.3 continuous casting machine)	FY2022 1H
	Feb. 2020	Setouchi Works Kure Area	All upstream facilities (including BF, sintering, steelmaking)	The end of 1H FY2021
	Feb. 2020	Setouchi Works Hirohata Area	Melting furnace (→ New EAF)	FY2023 1H
	Mar. 2015	Kyushu Works Yawata Area (Kokura)	Upstream facilities (BF, sintering, steelmaking)	● Sep. 2020
Ote al miete	New	East Nippon Works Kashima Area	Steel plate mill	FY2024 2H
Steel plate	Feb. 2020	Nagoya Works	Steel plate mill	The end of FY2021
Construc-	New	East Nippon Works Kimitsu Area	Large Shape mill	The end of FY2021
tion product	New	East Nippon Works Kashima Area	Large shape mill	The end of FY2024
	New	Kansai Works Wakayama Area (Kainan)	Small-diameter seamless pipe mill (West)	The end of FY2025
Pipe &	New	East Nippon Works Kimitsu Area	UO pipe line	The end of FY2021
tube	May 2019	East Nippon Works Kashima Area	UO pipe line	● Oct. 2019
	Mar. 2018	East Nippon Works Kimitsu Area (Tokyo)	Small-diameter seamless pipe mill	● May 2020

# Outline of production facility structural measures (2/2) 48

	Announce -ment	Steelworks	Facilities for shutdown	Approximate time of shutdown  ( : completed)
	New	East Nippon Works Kimitsu Area	No.1 hot-dip galvanizing line (No.1 CGL)	The end of FY2024
	New	East Nippon Works Kashima Area	No.1 pickling line	The end of FY2022 1H
	New	Setouchi Works Hanshin Area (Sakai)	No.1 hot-dip galvanizing line (No.1 CGL) No.1 hot-dip galvanizing and aluminizing line (No.1 GAL)	The end of FY2024 The end of FY2022
	New	Kansai Works Wakayama Area	All steel sheet lines	The end of FY2024 1H
Steel sheet	New	Setouchi Works Hanshin Area (Osaka)	All facilities	The end of FY2023 1H the end of FY2023
	Feb. 2020	Setouchi Works Kure Area	Hot strip mill, pickling line	The end of FY2023 1H
	Feb. 2020	Setouchi Works Hanshin Area (Sakai)	Continuous annealing line, electro-galvanizing line, No.1 hot-dip aluminizing line (No.1 CAL)	● The end of FY2020
	Nov. 2019	Setouchi Works Hirohata Area	Tinplate mill	● The end of FY2020
	New	East Nippon Works Naoetsu Area	Special stainless steel line	The end of FY2021
Titanium &	New	Kansai Works Osaka Area	Titanium raw material plant	The end of FY2022 1H
special stainless steel	Feb. 2020	Kansai Works Osaka Area	Special equipment for titanium round bar manufacturing	The end of FY2022
	Feb. 2020	Kyushu Works Oita Area (Hikari Pipe & Tube)	Titanium welded pipe production line	The end of FY2021 1H
	New	Nippon Steel Stainless Steel Kinuura Works	All lines (the cold-rolling line and all other lines thereafter)	The end of FY2021
	New	Nippon Steel Stainless Steel Kashima Works	A part of annealing lines	The end of June 2021
Stainless steel	New	Nippon Steel Stainless Steel Shunan Area Yamaguchi Works	A part of cold-rolling and annealing lines	The end of March 2021 the end of June 2026
		-	1 EAF	The end of FY2023
	Feb. 2020	Nippon Steel Stainless Steel Kinuura Works	Hot strip mill/ dedicated facility for production of precision products	● Sep. and Oct. 2020



# Change in major subject lines (Production facility structural measures)

Announced Already **Before**→ **After Total** announced this time **BFs Continuous casters 32**→ **24 -3 Steel plate lines** Large shape lines **Seamless pipe lines UO** pipe lines **Hot strip lines Cold rolling lines Galvanizing lines Special stainless steel** -2 rolling lines Titanium raw material line **1**→ **0** Titanium round bar line Titanium welded pipe line **Nippon Steel Stainless Steel** cold rolling lines **Nippon Steel Stainless Steel** -1 **4**→ **3 EAFs** 

Domestic steelworks: Upstream facilities and products 50

		Upst	rear	n fa	acilitie	es (u	ınits)								Pr	oduc	cts							
<ul> <li>◆: All of the related lines are to already been shutdown</li> <li>◇: Some of the related lines ar already been shutdown</li> </ul>		BF	BOF	B O I	EAF	caster	Continuous	Hot strip mill	<sup>O</sup> Cold strip mill	nee G A		Electrical	B/ Bar	Wire	Seamless	Pipes O	ERW	Plates	o Shape		tion Spiral	Machinery	Titanium	Special stainless
North Nippon Works (from Apr. 2022)		1	2		1		1						0											
Muroran Area (Muroran Works until Mar. 2022)	Muroran City	1	2		1		1						0											
Kamaishi Area (East Nippon Works until Mar. 2022)	Kamaishi City									<u> </u>				0										
East Nippon Works		<b>4⇒</b> 3	10⇒	7		9⇒	6		0	$\Diamond$				0	•	•	0	$\Diamond$	•		0		0	$\Diamond$
Kimitsu Area	Kimitsu City	2	5	,		5⇒	4	0		$\Diamond$				0	•	•	0	0	•		0			
Kashima Area	Kashima City	<del>2</del> ⇒ 1	5⇒	2		4>	2	0	0	0						•	0	•	•					
Naoetsu Area	Joetsu City									<u> </u>													0	$\Diamond$
Nagoya Works	Tokai City	2	6			,	3	0	0	0	0						0	•						
Kansai Works		<del>2</del> ⇒ 1	3	}	2	€>	5		•						$\Diamond$				0			0	•	
Wakayama Area (Wakayama, Kainan, Sakai)	Wakayama City etc.	<del>2</del> ⇒ 1	3		1	⇔	- 5		•	:					$\Diamond$				0					
Osaka Area	Osaka Citty				1																	0	•	
Amagasaki Area	Amagasaki City														0									
Setouchi Works		<b>2⇒</b> 0	₿	0	<b>⊕</b> 1	4>	2	$\Diamond$	$\Diamond$	$\Diamond$	•	0												
Hirohata Area	Himeji City		∌	0	<b>⇔</b> 1	- :	2	0	0	0	•	0												
Kure Area -> all shutdown	Kure City	<b>2⇒</b> 0	∌	0		2⇒	0	•																
Hanshin Area (Osaka) -> all shutdown	Osaka City								•															
Hanshin Area (Kanzaki)	Amagasaki City								0															
Hanshin Area (Sakai)	Sakai City									$\Diamond$														
Hanshin Area (Toyo)	Saijo City								0															
Kyushu Works		<b>4⇒</b> 3	1#>	7		9⇒	7	0	0	0	0	0	0	0	0		0	0	0	0	0		$\Diamond$	
Yawata Area (Tobata, Kokura, Yahata, Hikari Titanium Production)	Kitakyushu City, etc.	<b>2⇒</b> 1	8>	4		€	4	0	0	0	0	0	0	0					0	0	0		0	
Oita Area (Oita)	Oita City	2	3				3	0										0	0					
Oita Area (Hikari Pipe & Tube)	Hikari City														0		0						$\Diamond$	
Nippon Steel Stainless Steel Corp.	-				<b>4</b> ⇒ 3	4	4		$\Diamond$				0	0				0						
Kashima Works	Kashima City								0	:	:													
Yamaguchi Works	Shunan City, Hikari City				<b>4</b> ⇒ 3	4	4		$\Diamond$				0	О										
Kinuura Works -> all shutdown	Hekinan City								•	:														
Yawata Works	Kitakyushu City																	0						

# 1. FY2020 Earnings Summary

Summary/ Major Initiatives in FY2020/ Quick Response to the Increasing Demand/ Returning to Profitable Structure: 1) Business Profit Variance/ 2) Improvement of BEP/ 3) Improvement of Overseas Business Profit/ Additional Line Items, Net Profit, Dividend

#### 2. FY2021 Forecast

Summary/ Major Initiatives in FY2021/ V-shaped Recovery of Consolidated Business Profit/ Returning to Profit in Non-consolidated Operating P/L/ Challenge to Zero-Carbon Steel and Contribution to Carbon Neutral Society/ Improvement of BEP in Medium- to Long-Term Management Plan

#### 3. Business Environment

# 4. Supplementary Material for Financial Results

**Appendix 1. Progress of Management Strategy Measures** 

**Appendix 2.** Medium- to Long-Term Management Plan: Rebuilding Domestic Steel Business

**Appendix 3. Carbon Neutral Vision 2050** 

**Appendix 4. Related Indicators** 



# Zero-Carbon Steel: Our CO<sub>2</sub> emissions reduction scenario

# 2030 Target

30% or more reduction in total CO<sub>2</sub> emissions vs. 2013

#### [Means]

- Actual implementation of the COURSE50 in the existing BF and BOF process
- Reduction of CO<sub>2</sub> emissions in existing processes
- · Establishment of an efficient production framework.

#### Vision 2050

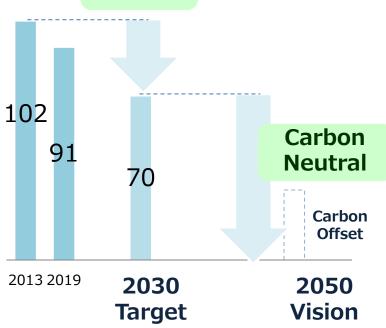
Aim to become carbon neutral

#### [Means]

- Mass-production of high-grade steel in large size EAFs
- Hydrogen reduction steelmaking (by Super-COURSE50 use of BFs; direct reduction of 100% hydrogen)
- Multi-aspect approach, including CCUS\* and other carbon offset measures,.

#### Total CO<sub>2</sub> emissions (MT/Y)





[Scope of Scenario]

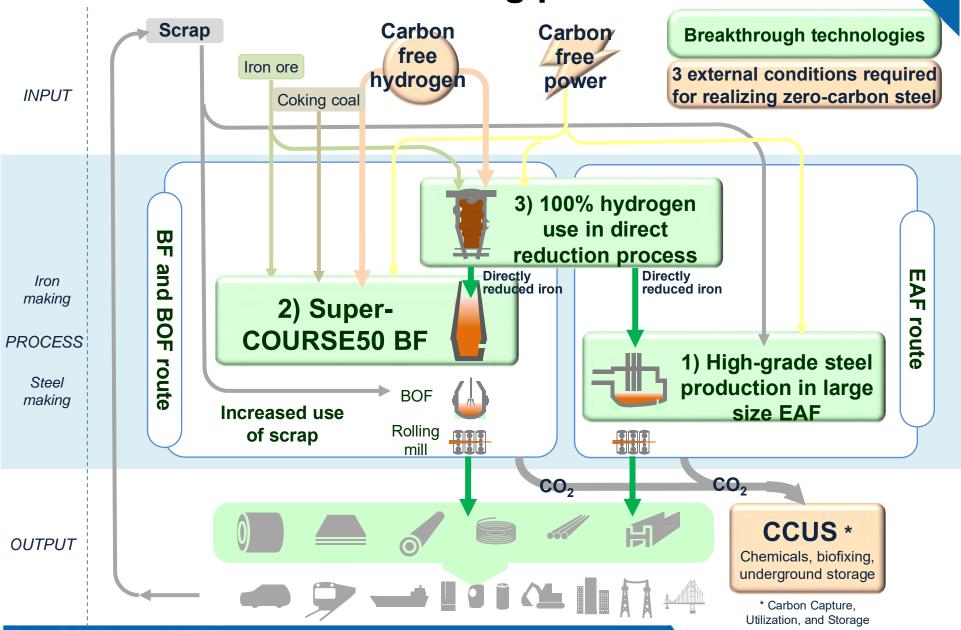
Domestic

SCOPE I + II

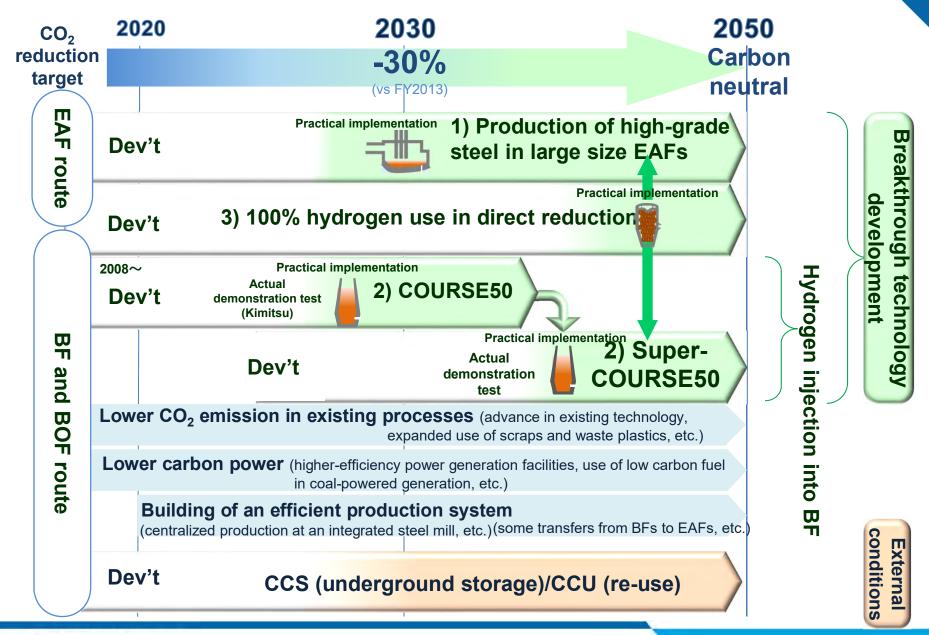
(Receipt of raw materials to product shipment) + ( ${\rm CO_2}$  at the time of purchase power production)

\*Carbon dioxide Capture, Utilization, and Storage

# Carbon neutral steelmaking process



# Our roadmap of CO<sub>2</sub> emissions reduction measures



# Technological challenges and required external conditions

#### 1) Production of high-grade steel in large scale EAF

Technological challenge

- Scrap: Elimination of the effect of <u>hazardous impurities</u> using DRI
- EAF: Improvement of <u>productivity</u> with larger scale and higher efficiency

External conditions

Cost-effective fossil-free power

#### 2) Hydrogen injection into BF (COURSE50, Super-COURSE50)

Technological challenge

- Preheating and injection of high-temp hydrogen for endothermic reactions
- Stable gas flow in BF with less coke
- Scaling-up from experimental to actual super-large-scale BF
- Establishment of the technology to offset remaining CO<sub>2</sub> emissions (CCUS)

External conditions

- Implementation of CCU and CCS
- ➤ Large supply of <u>carbon-free hydrogen</u>

#### 3) 100% hydrogen use in direct reduction

Technological challenge
External conditions

- Establishment of the technology of hydrogen direct reduction
- Large-amount supply of carbon-free hydrogen

# Challenges to realize zero-carbon steel and collaboration with society

Take on the challenge to <u>develop and practically implement breakthrough technologies ahead of the other countries</u> to realize zero-carbon steel, as Nippon Steel's top priority issue, which is essential for Japan's steel industry to continue to lead the world and to maintain and strengthen the competitiveness of Japanese industry in general.

Images of R&D cost and CAPEX for the zero-carbon steel project

#### 3 factors to increase costs for the zero-carbon steel project

- 1) Huge R&D costs
- 2) Huge CAPEX for practical implementation
- 3) Increase in operational cost, even if inexpensive carbon free hydrogen and zero-emission power are to be secured

The production cost of crude steel may more than double the current cost.

# ¥4 to ¥5 trillion R&D cost Approx. 500.0 billion 2021....

\* Minimum level estimated to be required for the time being

### 3 collaborations required for realizing zero-carbon steel

- 1) A national strategy to realize a "virtuous cycle of environment and growth"
- Long-term and continuous government support for R&D in the field of breakthrough innovation etc.
- · Establishment of inexpensive and stable large-scale hydrogen supply infrastructure
- Realization of carbon free power at an international competitive cost
- Promotion of national projects for the development and commercialization of CCUS
- 2) Realization of government's comprehensive policies to secure equal-footing in international competition, strengthen industrial competitiveness, and lead to business chances
- 3) Formation of consensus on the issue of cost bearing by society
- Establishing a system for society as a whole to bear the enormous costs of realizing of zero-carbon, such as R&D costs, CAPEX for replacing existing facilities, and significant increase in production costs.

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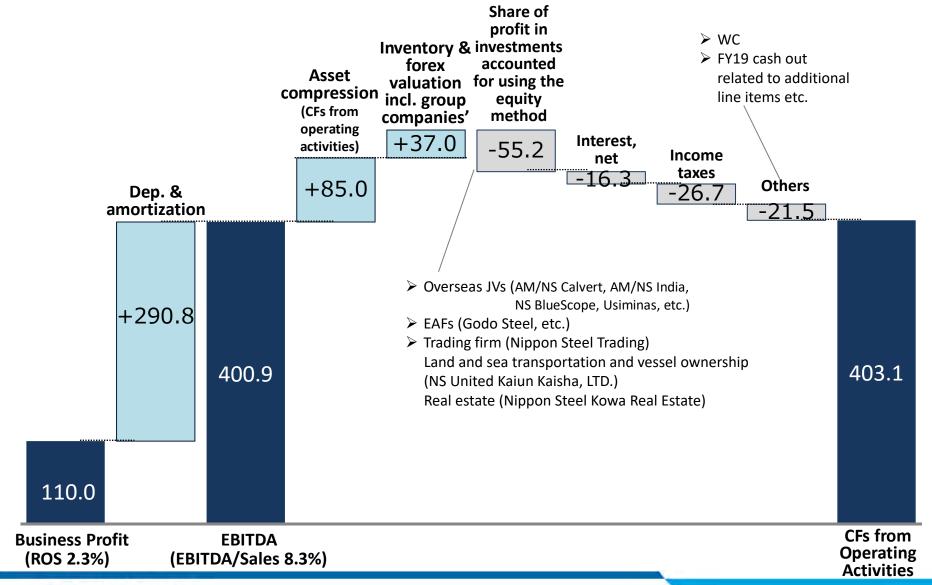
**Appendix 4. Related Indicators** 



# FY2020 Cash Analysis

# **Business Profit to EBITDA to CFs from Operating Activities**

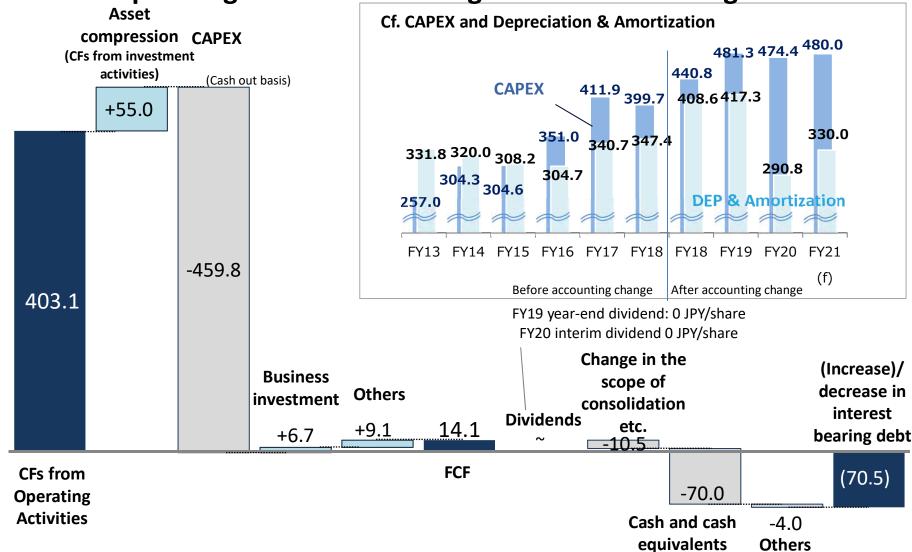
(Bn. JPY)



# **FY2020 Cash Analysis**

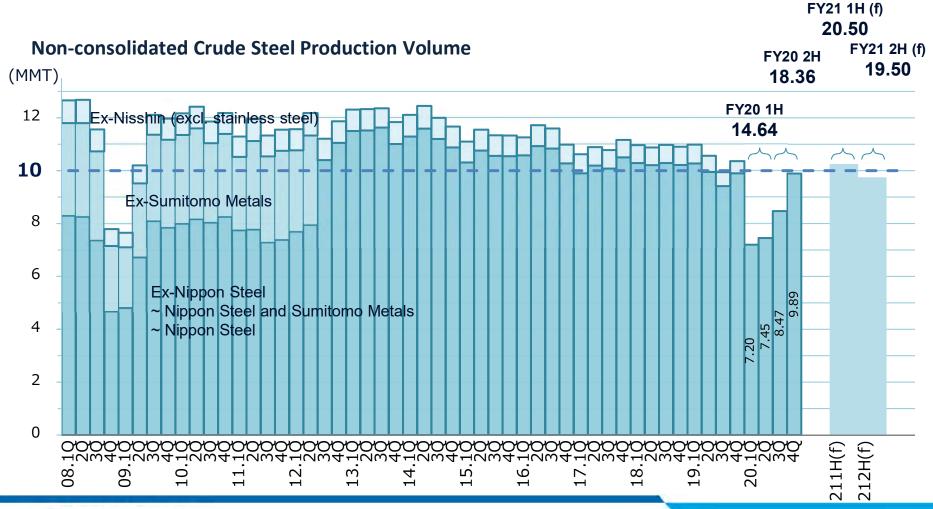
(Bn. JPY)

**CFs from Operating Activities to Change in Interest Bearing Debt** 



# Non-Consolidated Crude Steel Production Volume

We have adopted prompt reduction of production such as BF banking and lowering productivity for response to sharp decrease of steel demand due to COVID-19 impacts in FY20.1H, followed by resumption of some BFs for response to demand recovery in 2H. Non-consolidated production in FY20.4Q reached nearly 10 MMT/Q for first time in a year.



# **Business Environment Variance From FY2014**



FY2014 -> FY20 2H: 5 yen appreciated (110 -> 105) -> FY21: 5 yen appreciated (-> 105)



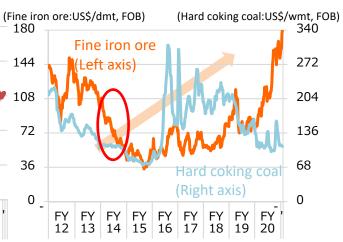
FY2014→FY20 2H -25% (80 -> 60) (US \$ /bbl)



Crude Oil Price

#### Raw Material Market Price

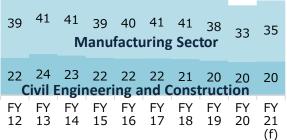
FY2014 -> FY20 2H Fine iron ore -91% (74 -> 142) Hard coking coal -8% (109 -> 118)



#### **Domestic Steel Demand**

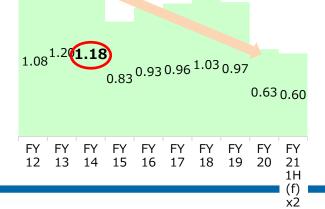
FY2014 -> FY20 2H -13% (64 -> 28) -> FY21(f) -14% (-> 55)





#### Seamless Pipe Shipment Volume

(MMT/Y) FY2014 -> FY20 2H -51% (118 -> 29)



#### **ASEAN Hot Coil Price**



# **HRC Prices**

Overseas steel prices have risen sharply since the beginning of 2021, and have recently risen to a level exceeding 1,000\$/t worldwide.



# **Raw Material Prices**



Jan Apr

Jul

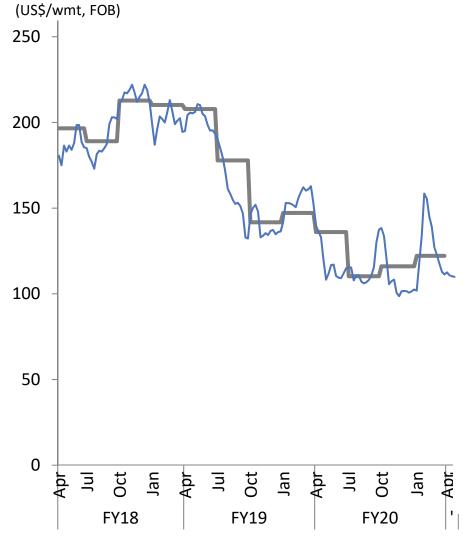
FY20

Jul

FY19

Apr

# **Hard Coking Coal**



FY18

Jan

20

0

Jn

Apr

# **FY2020 Earnings Summery**

											cha	nge	
(bn. JPY)	1H	2H	FY2019	1H	2Н	FY2020(f) *5	FY2020	1H (f) <sub>*6</sub>	FY2021 (f) <sub>*6</sub>	FY20.1H →FY20.2H	FY19 →FY20	*5 FY20(f) →FY20	FY20 →FY21(f) *6
Sales	3,047.1	2,874.3	5,921.5	2,241.9	2,587.2	4,850.0	4,829.2	3,000.0	6,000.0	+345.3	-1,092.3	-20.8	+1,170.8
Business Profit,	73.1	3.4	76.5	(106.5)	216.5	30.0	110.0	250.0	450.0	+323.0	+33.5	+80.0	+340.0
Additional Line Item	ıs 0.0	(121.7)	(121.7)	(42.2)	(56.3)	(75.0)	(98.6)	(45.0)	(85.0)	-14.1	+23.1	-23.6	+13.6
Net Profit *2	38.7	(470.2)	(431.5)	(191.1)	158.7	(120.0)	(32.4)	130.0	240.0	+349.8	+399.1	+87.6	+272.4
ROS *1	2.4%	0.1%	1.3%	-4.8%	8.4%	0.6%	2.3%	8.3%	7.5%	+13.2%	+1.0%	+1.7%	+5.2%
Earning per Share (JPY/ share)	42	(511)	(469)	(208)	172	(130)	(35)	141	261	+380	+434	+95	+296
EBITDA *3	284.9	181.9	466.8	36.7	364.2	330.0	400.9	410.0	780.0	+327.5	-65.9	+70.9	+379.1
EBITDA/Sales	9.3%	6.3%	7.9%	1.6%	14.1%	6.8%	8.3%	13.7%	13.0%	+12.4%	+0.4%	+1.5%	+4.7%
EBITDA/t *4 (Thousand JPY/t)	11.7	8.0	9.9	2.2	17.5	8.7	10.6	17.4	17.0	+15.3	+0.7	+1.9	+6.3

<sup>\*1</sup> Business profit and ROS in FY19 are those before impairment losses etc.



<sup>\*2</sup> Profit attributable to owners of the parent

<sup>\*3</sup> Business profit + depreciation cost + impairment loss

<sup>\*4</sup> EBITDA/ consolidated crude steel production

<sup>\*5</sup> Forecast as of Feb. 5<sup>th</sup>, 2021

<sup>\*6</sup> Forecast as of May. 7<sup>th</sup>, 2021

# **Operational Highlights**

Forecasts are rough figures .

	FY19	(incl. Nis	shin)		FY	20			FY21		Cha	nge	
(MMT)	1H	2H		1H	2Н	(f) *1		1H(f) *2	(f) *2	FY20 1H → FY20 2H	FY19 → FY20	FY20(f) → *1 FY20	FY20 → FY21(f) *2
Non-Consolidated Pig-iron Production	21.93	20.64	42.57	14.82	18.25	33.20	33.07			+3.43	-9.50	-0.13	
Consolidated Crude Steel Production	24.27	22.79	47.05	16.78	20.87	37.80	37.65	23.50	46.00	+4.09	-9.40	-0.15	+8.35
Non-Consolidated Crude Steel Production	21.55	20.30	41.85	14.64	18.36	33.20	33.00	20.50	40.00	+3.72	-8.85	-0.20	+7.00
Non-Consolidated Steel Shipments	19.86	18.84	38.70	14.46	16.77	31.20	31.22	18.50	36.00	+2.31	-7.48	+0.02	+4.78
Seamless Pipe Shipments	0.49	0.48	0.97	0.34	0.29	0.63	0.63	0.30		-0.05	-0.34	+0.00	
Average Steel Selling Price (k JPY/ton)	88.6	88.0	88.3	83.6	88.3	86	86.1			+4.7	-2.2	+0.1	
Steel Export Ratio (Value basis (%))	38	38	38	38	35	36	36			-3	-2	+0	
Forex (USD•JPY)	109	109	109	107	105	106	106	105	105	Appreciated Yen <b>-2</b>	Appreciated Yen <b>-3</b>	Deppreciated Yen <b>+0</b>	Appreciated Yen -1

<sup>\*1</sup> Forecasts as of Feb. 5th, 2021

<sup>\*2</sup> Forecasts as of May. 7th, 2021



# **Key Indicators of Demand**

		FY19			F'	Y20		FY21		Change	
[ Domestic ]	1H	2Н		1H	2H	<i>(f)</i> *1		1H (f) *2	FY20 1H → FY20 2H	FY19 → FY20	FY20(f) → <b>*1</b> FY20
Housing Starts (mil. houses)	0.47	0.42	0.88	0.41	0.40	0.79	0.81	0.40	-0.02	-0.07	+0.02
Non-residential Construction Starts (mil. m²)	25.83	22.15	47.98	23.37	21.55	43.50	44.92	22.00	-1.82	-3.06	+1.42
Public Works Orders (bn. JPY)	5,304	6,043	11,346	5,654	5,954	11,620	11,608	5,600	+299	+262	-12
Finished Auto Production (mil. units)	4.82	4.67	9.49	3.33	4.63	8.00	7.97	4.50	+1.30	-1.52	-0.03
Export of Finished Auto (mil. units)	2.40	2.34	4.74	1.46	2.22	3.90	3.68	2.30	+0.76	-1.06	-0.22
Overseas Auto Production (8 Japanese car makers) (mil. units)	9.10	8.20	17.30	6.50	9.01		15.51		+2.51	-1.79	
Large & Middle Sized Shovel Production (thousand units)	45	33	78	32	41	70	73	40	+8	-6	+3
Metal Machine Tool Production (thousand tons)	187	154	341	112	129	240	241	150	+17	-100	+1
Keel-laid New Ships (mil. gross tons)	6.26	6.23	12.49	4.80	4.20	8.10	9.00	3.50	-0.60	-3.48	+0.90

Rig Count		CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20	Latest		Peak		Bottom	
U	USA		1,761	1,862	977	510	875	1,032	944	436	439	(Apr.16 <sup>th</sup> )	2,031	(Sep-08)	244	(Aug-20)
	Deep well ≧ 15,000ft)	324	326	354	205	126	222	230	227	104	143	(Apr.16 <sup>th</sup> )	413	(Nov-11)	55	(Sep-20)
W	orld Total Excl. N. America, Russia & China	1,234	1,296	1,337	1,167	955	948	988	1,098	825	715	(Mar-21)	1,382	(Jul-14)	656	(Oct-20)

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



**<sup>\*1</sup>** Forecasts as of Feb. 5<sup>th</sup>,2021 **\*2** Forecasts as of May 7<sup>th</sup>, 2021

# **Domestic Steel Consumption by Industrial Sector**

		FY19			FY	20			FY21		Cha	nge	
(MMT)	1H	2H		1H	2H	<i>(f)</i> *1		1H(f) *2	(f) *2	FY20 1H → FY20 2H	FY19 → FY20	FY20(f) → *1 FY20	FY20 → FY21(f) *2
Domestic Crude Steel Production	50.66	47.76	98.43	37.09	45.70	82.60	82.79			+8.61	-15.64	+0.19	
Domestic Steel Consumption (A + B)	30.39	28.75	59.14	25.13	27.53	52.30	52.66	27.00	55.00	+2.41	-6.49	+0.36	+2.34
% for manufacturing sector	65.7	63.9	64.8	60.7	64.4	62.8	62.7	63	64	+3.7	-2.2	-0.1	+1
Ordinary Steel Consumption (A)	23.77	22.93	46.69	19.99	21.82	41.50	41.81	21.00	43.00	+1.83	-4.88	+0.31	+1.19
Construction	10.03	10.05	20.07	9.53	9.48	18.80	19.02	9.00	19.00	-0.05	-1.06	+0.22	-0.02
Manufacturing	13.74	12.88	26.62	10.46	12.34	22.70	22.80	12.00	24.00	+1.88	-3.82	+0.10	+1.20
Shipbuilding	2.08	1.98	4.06	1.64	1.30	2.70	2.94	1.20		-0.34	-1.12	+0.24	
Automotive	5.53	5.16	10.69	3.92	5.30	9.30	9.21	5.10		+1.38	-1.47	-0.09	
Industrial Machine	2.52	2.16	4.68	1.92	2.22	4.10	4.14	2.40		+0.30	-0.54	+0.04	
Electronic Machine	1.49	1.46	2.95	1.27	1.48	2.70	2.76	1.40		+0.21	-0.19	+0.06	
Special Steel Consumption (B)	6.63	5.82	12.45	5.13	5.71	10.80	10.85	6.00	12.00	+0.58	-1.60	+0.05	+1.15

Source: Nippon Steel's estimation

# World Economic Outlook < Released on Apr. 2021 by IMF >

(GDP growth rate)

Numbers in [parentheses]: Prev. IMF's Outlook as of Jan. 2021

		CY08	CY09	CY10	CY11	CY12	CY13	CY14	CY15	CY16	CY17	CY18	CY19	CY20		<b>CY21</b> (f)	
W	orld Total	3.0	-0.1	5.4	4.3	3.5	3.5	3.6	3.5	3.4	3.8	3.6	2.8	[-3.5]	-3.3	[5.5]	6.0
	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	[-4.9]	-4.7	[4.3]	5.1
	USA	-0.1	-2.5	2.6	1.6	2.2	1.8	2.5	2.9	1.6	2.4	2.9	2.2	[-3.4]	-3.5	[5.1]	6.4
	EU27	0.4	-4.5	2.1	1.6	-0.9	-0.3	1.4	2.1	1.9	2.5	1.9	1.3	[-7.2]	-6.6	[4.2]	4.4
	Japan	-1.1	-5.4	4.2	-0.1	1.5	2.0	0.4	1.2	0.6	1.9	0.3	0.7	[-5.1]	-4.8	[3.1]	3.3
	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	[-2.4]	-2.2	[6.3]	6.7
	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	[2.3]	2.3	[8.1]	8.4
	India	3.9	8.5	10.3	6.6	5.5	6.4	7.4	8.0	8.2	7.2	6.8	4.2	[-8.0]	-8.0	[11.5]	12.5
	Russia	5.2	-7.8	4.5	5.1	3.7	1.8	0.7	-2.3	0.3	1.6	2.3	1.3	[-3.6]	-3.1	[3.0]	3.8
	Brazil	5.1	-0.1	7.5	4.0	1.9	3.0	0.5	-3.6	-3.3	1.1	1.3	1.1	[-4.5]	-4.1	[3.6]	3.7

Source : IMF



# **World Crude Steel Production**

	CY19			CY20				СУ	21		CY21		
(MMT)	[A]	Jan - Mar	Apr - Jun	Jul - Sep	Oct Dec.	[B]	Jan	Feb	Mar	Jan - Mar [C]	[D] (C*12/3)	Change [A] →[B]	Change [B] →[D]
World * Total	1,844.1	442.1	434.3	472.4	479.2	1,828.0	167.5	150.2	169.2	486.9	1,947.6	-16.1	+119.6
[YoY]	[+3.1%]	[-1.3%]	[-9.6%]	[+1.8%]	[+6.1%]	[-0.9%]	[+11.0%]	[+4.2%]	[+15.1%]	[+10.1%]			
Japan	99.3	24.1	18.1	19.0	22.0	83.2	7.9	7.5	8.3	23.7	94.8	-16.1	+11.6
[YoY]	[-4.8%]	[-3.4%]	[-30.6%]	[-22.7%]	[-7.0%]	[-16.2%]	[-4.2%]	[-5.3%]	[+4.4%]	[-1.7%]			
Korea	71.4	16.9	15.6	17.1	17.6	67.1	6.0	5.5	6.1	17.6	70.4	-4.3	+3.3
[YoY]	[-1.5%]	[-4.8%]	[-14.7%]	[-3.3%]	[-1.0%]	[-6.0%]	[+4.5%]	[+1.5%]	[+5.5%]	[+3.9%]			
USA	87.8	21.7	14.7	17.3	19.0	72.7	7.0	6.3	7.1	20.4	81.6	-15.1	+8.9
EU28	157.4	38.4	30.7	31.7	37.9	138.8	12.3	11.9	13.6	37.8	151.2	-18.6	+12.4
Russia	71.7	18.2	17.2	19.9	18.1	73.4	6.6	5.7	6.6	18.9	75.6	+1.7	+2.2
Brazil	32.6	8.1	6.3	7.9	8.6	31.0	3.1	2.8	2.8	8.7	34.8	-1.6	+3.8
India	111.4	26.8	17.3	26.7	28.8	99.6	10.5	9.1	10.0	29.6	118.4	-11.8	+18.8
China	995.8	233.7	268.9	280.8	271.1	1,054.4	94.0	83.0	94.0	271.0	1,084.0	+58.7	+29.6
[YoY]	[+7.9%]	[+1.4%]	[+3.0%]	[+9.4%]	[+9.5%]	[+5.9%]	[+17.6%]	[+11.0%]	[+19.0%]	[+16.0%]			

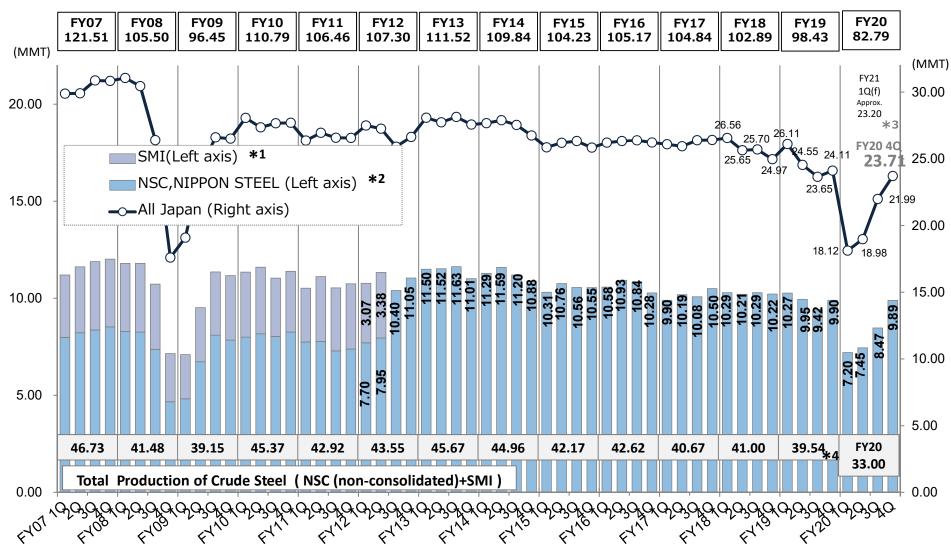
Source: World Steel Association

<sup>\*</sup> Total of 64 countries



# **Domestic Crude Steel Production**

#### All Japan (MMT)

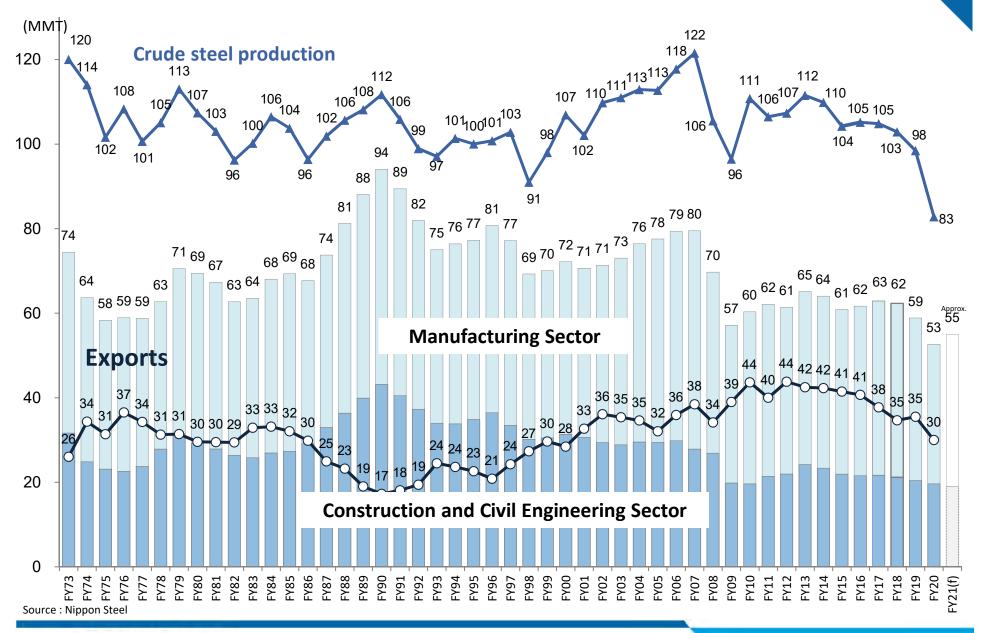


- \*1 Includes Sumitomo Metals(Kokura), Sumitomo Metals(Naoetsu) and Sumikin Iron & Steel Co.
- \*2 Includes NIPPON STEEL & SUMIKIN KOUTETSU WAKAYAMA CORP (~FY2017)

- \*3 Forecast released by METI in Apr.2021
- \*4 41.85 MMT including ex-Nippon Steel Nisshin

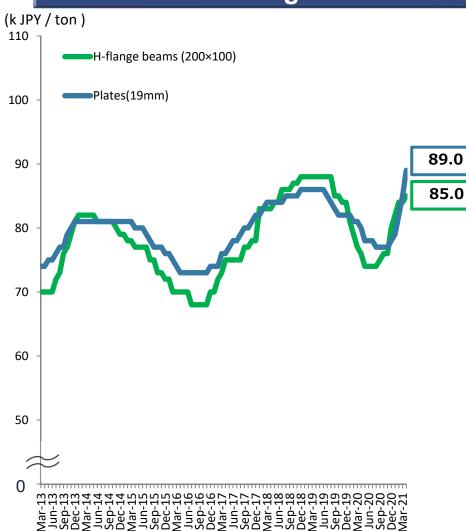


# **Domestic Steel Consumption Trend**

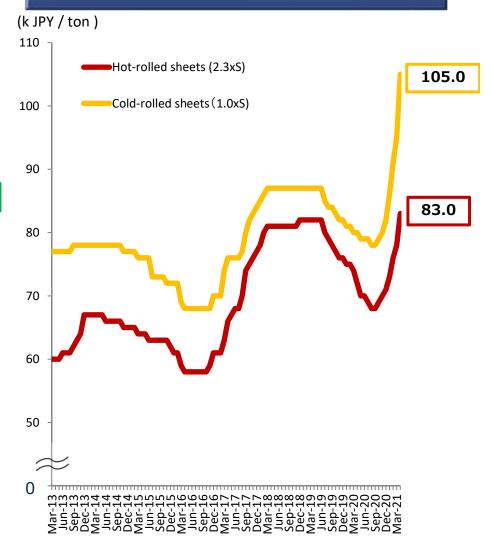


# **Domestic Steel Products Prices**

# Plates & H-flange beams

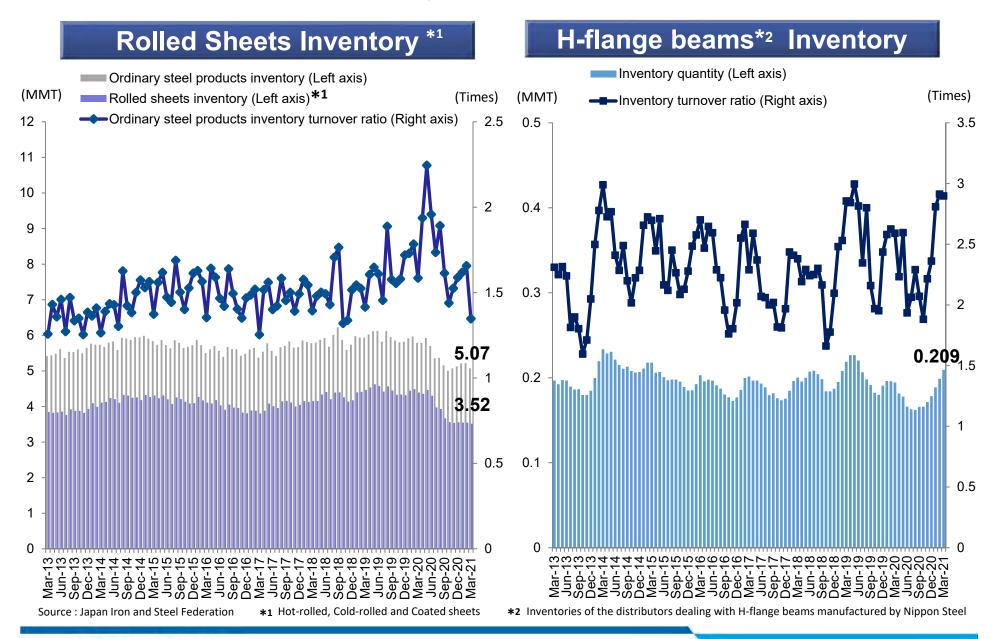


#### **Hot-rolled sheets & Cold-rolled sheets**



Source: Japan Metal Daily

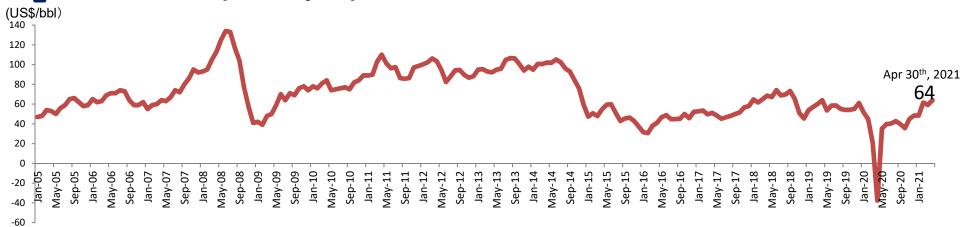
# **Domestic Steel Inventory**

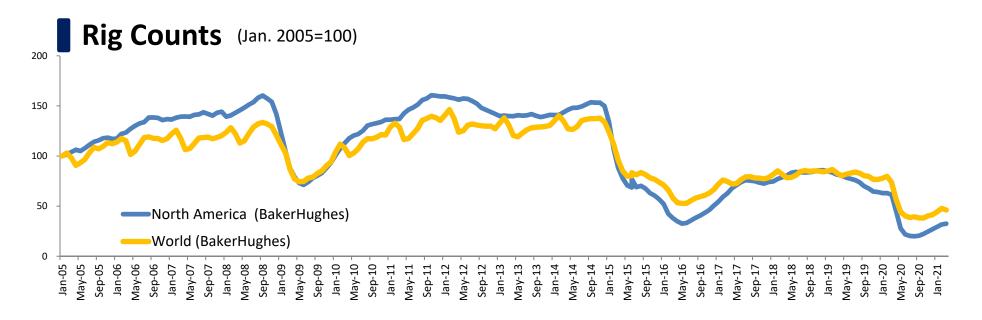




# **Energy Sector : Oil Price / Rig Count**

# **US Oil Price (WTI Spot)**





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