

For the participants.



**NIPPON STEEL &
SUMITOMO METAL**

World Steel Market

May, 2017

Introduction of NSSMC

Corporate History

Nippon Steel Corporation

CY1857

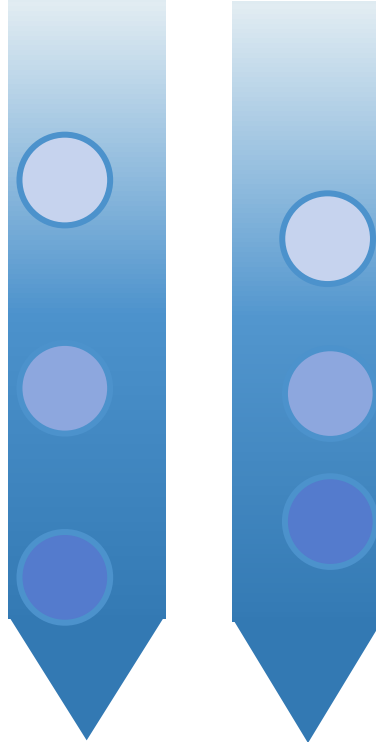
Japan's first blast furnace went into **Operation at Kamaishi**.

CY1901

The state-owned Yawata Steel Works began operation.

CY1970

Yawata Iron & Steel and Fuji Iron & Steel merged to form Nippon Steel Corporation.



SUMITOMO METALS

CY1897

Sumitomo Cooper Plant was established.
<Corporate's inauguration>

CY1912

Japan's first private company started manufacturing cold-drawn seamless steel pipes.

CY1949

Shin-Fuso Metal Industries, Ltd. been established.
<Corporate's foundation>

CY2002

Announced alliances among NSC and SMI, Kobe Steel

CY2011

Agreed to commence consideration of merger

October 1, 2012



NIPPON STEEL & SUMITOMO METAL

Overview of NSSMC

Trade Name	NIPPON STEEL & SUMITOMO METAL CORPORATION “NSSMC”
Representative	Representative Director, Chairman and CEO Shoji MUNEOKA Representative Director, President and COO Hiroshi TOMONO
Location of Head Office	Chiyoda-ku, Tokyo, Japan
Foundation Day	October 1, 2012
Business	Steelmaking and steel fabrication / Engineering / Chemicals / New materials / System solutions
Stated Capital	419.5 bn yen
Fiscal Year End	March 31

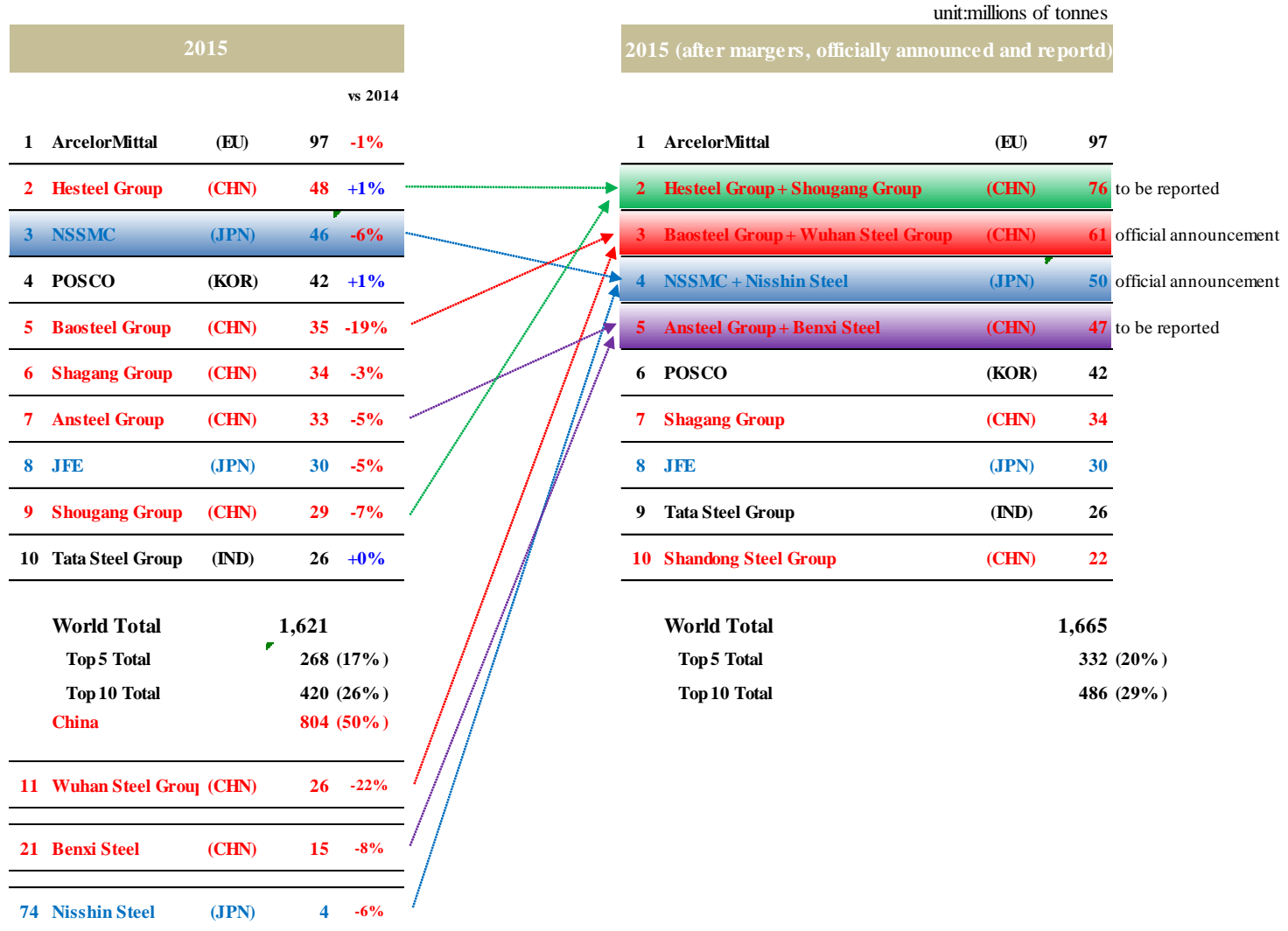
The World Top-Ten Players by Crude Steel Production

unit:millions of tonnes

2002			2007			2011			2014			2015				
									vs 2013			vs 2014				
1	Arcelor	(EU) 44	1	ArcelorMittal	(EU) 116	1	ArcelorMittal	(EU) 97	1	ArcelorMittal	(EU) 98 +2%	→	1	ArcelorMittal	(EU) 97 -1%	
2	LMN Group	(EU) 35	2	Nippon Steel	(JPN) 36	2	Hebei Group	(CHN) 44	2	NSSMC	(JPN) 49 -2%	↑	2	Hesteel Group	(CHN) 48 +1%	
3	Nippon Steel	(JPN) 30	3	JFE	(JPN) 34	3	Baosteel Group	(CHN) 43	3	Hebei Group	(CHN) 47 +3%	↓	3	NSSMC	(JPN) 46 -6%	
4	POSCO	(KOR) 28	4	POSCO	(KOR) 31	4	POSCO	(KOR) 39	4	Baosteel Group	(CHN) 43 -1%	↑	4	POSCO	(KOR) 42 +1%	
5	Shanghai Baosteel	(CHN) 20	5	Baosteel	(CHN) 29	5	Wuhan Group	(CHN) 38	5	POSCO	(KOR) 41 +8%	↓	5	Baosteel Group	(CHN) 35 -19%	
6	Corus	(EU) 17	6	Tata Steel	(IND) 27	6	Nippon Steel	(JPN) 33	6	Shagang Group	(CHN) 35 +1%	→	6	Shagang Group	(CHN) 34 -3%	
7	Thyssen Krupp	(EU) 16	7	Anshan-Benxi	(CHN) 24	7	Shagang Group	(CHN) 32	7	Ansteel Group	(CHN) 34 +2%	→	7	Ansteel Group	(CHN) 33 -5%	
8	NKK	(JPN) 15	8	Jiangsu Shagang	(CHN) 23	8	Shougang Group	(CHN) 30	8	Wuhan Group	(CHN) 33 -16%	↑	8	JFE	(JPN) 30 -5%	
9	Riva	(EU) 15	9	Tangshan	(CHN) 23	9	JFE	(JPN) 30	9	JFE	(JPN) 31 +1%	↑	9	Shougang Group	(CHN) 29 -7%	
10	US Steel	(USA) 14	10	US Steel	(USA) 22	10	Ansteel Group	(CHN) 30	10	Shougang Group	(CHN) 31 -2%	↑	10	Tata Steel Group	(IND) 26 +0%	
World Total		904	World Total		1,347	World Total		1,536	World Total		1,670	World Total		1,621		
Top 5 Total		156 (17%)	Top 5 Total		246 (18%)	Top 5 Total		262 (17%)	Top 5 Total		279 (17%)	Top 5 Total		268 (17%)		
Top 10 Total		234 (26%)	Top 10 Total		363 (27%)	Top 10 Total		417 (27%)	Top 10 Total		444 (27%)	Top 10 Total		420 (26%)		
China		182 (20%)	China		490 (36%)	China		702 (46%)	China		823 (49%)	China		804 (50%)		
11	Kawasaki	(JPN) 14														
13	Sumitomo Metal	(JPN) 12	20	Sumitomo Metal	(JPN) 14	27	Sumitomo Metal	(JPN) 13								
														11	Wuhan Steel Group	(CHN) 26 -22%
														21	Benxi Steel	(CHN) 15 -8%
														74	Nisshin Steel	(JPN) 4 -6%

source: WSA World Steel in Figures 2016

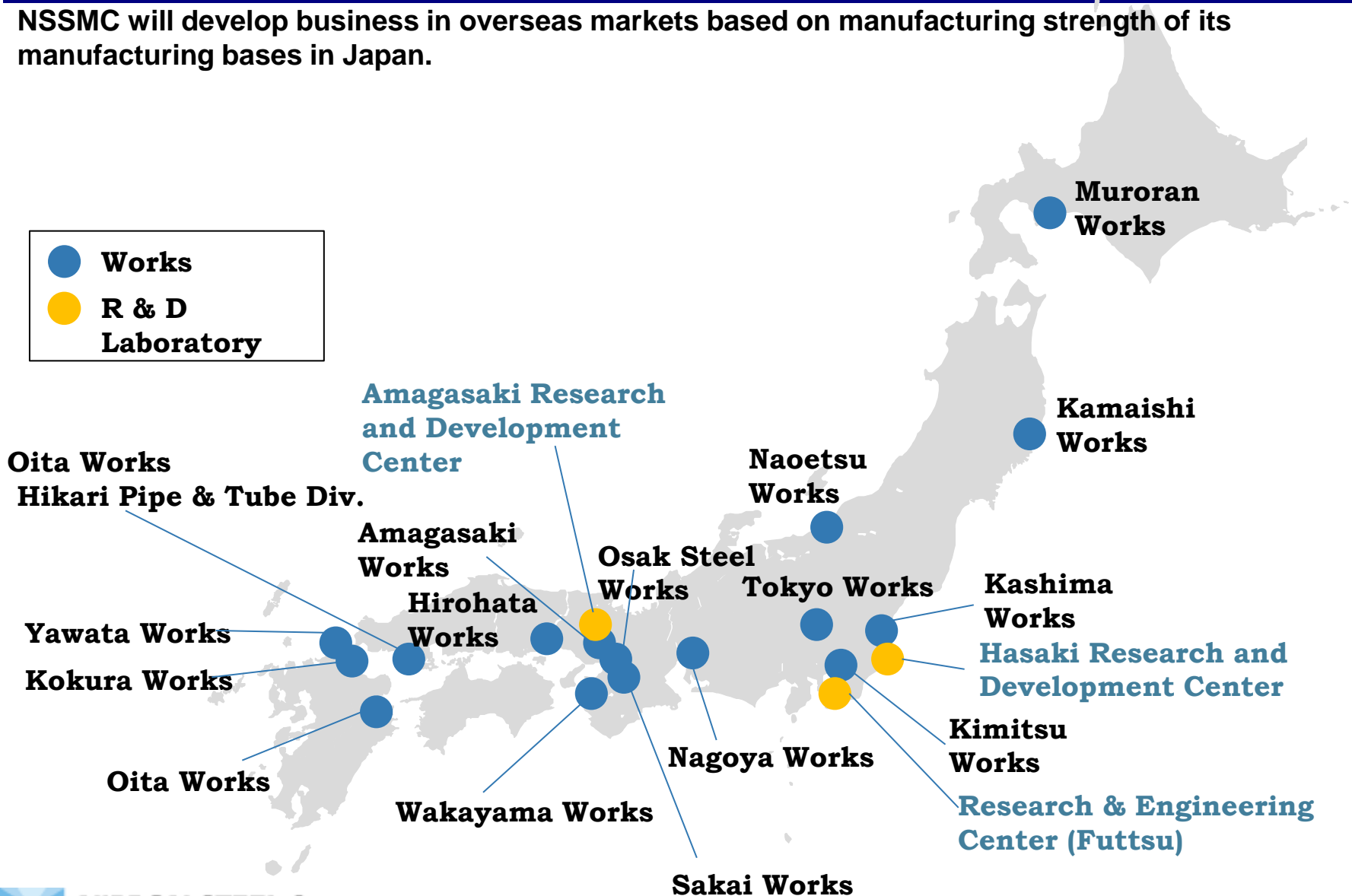
The World Top-Ten Players by Crude Steel Production



source: WSA World Steel in Figures 2016

Location of Steel Mills in Japan

NSSMC will develop business in overseas markets based on manufacturing strength of its manufacturing bases in Japan.



Business Strategy ~ 2017 Mid-Term Plan ~



NIPPON STEEL & SUMITOMO METAL
 5401: JP
 NSSMY: ADR

2017 Mid-Term Management Plan
 >>> Accelerating ahead >>>

March 3, 2015
Kosei Shindo
 Representative Director & President

Notes on this presentation material
 • 'NIPPON STEEL & SUMITOMO METAL CORPORATION' is abbreviated as 'NSSMC'
 • All volume figures are presented in metric tons
 • Unless otherwise noted, all financial figures are on a consolidated basis

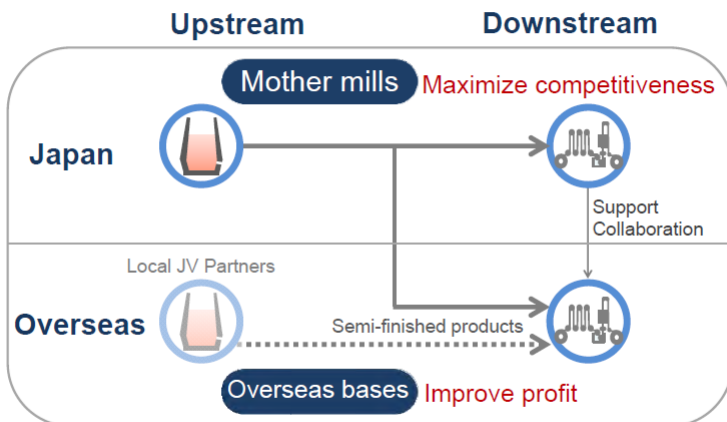
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Three keywords of the business strategy

Pursue world-leading technologies and manufacturing capabilities and contribute to society by providing excellent products and services



Capture growth markets with Globally specialized production framework



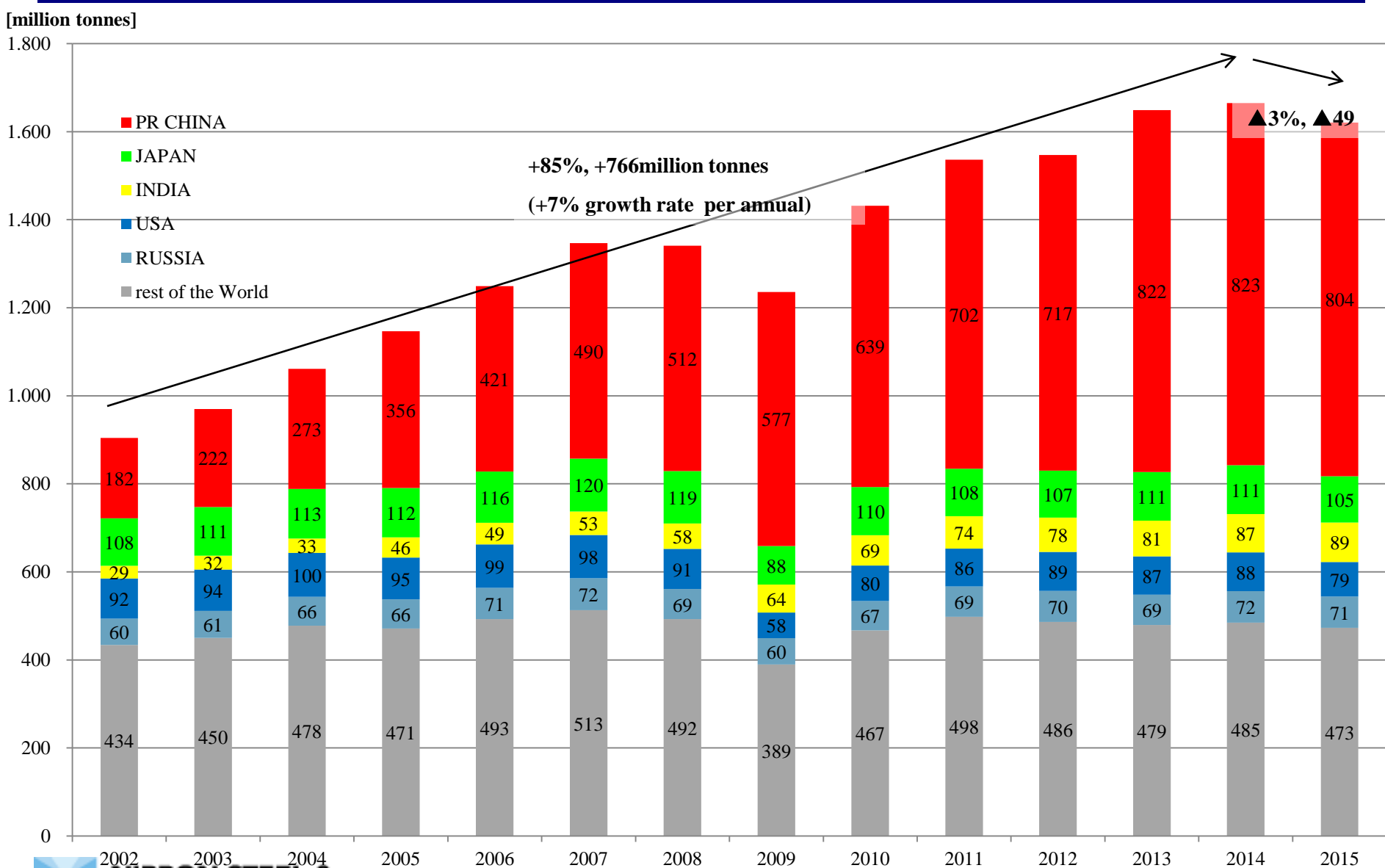
Continue to seek opportunities to invest in overseas upstream bases in addition to Usiminas, VSB

Maximize corporate value



Steel Market Update

Crude Steel Production (source : World Steel Association)

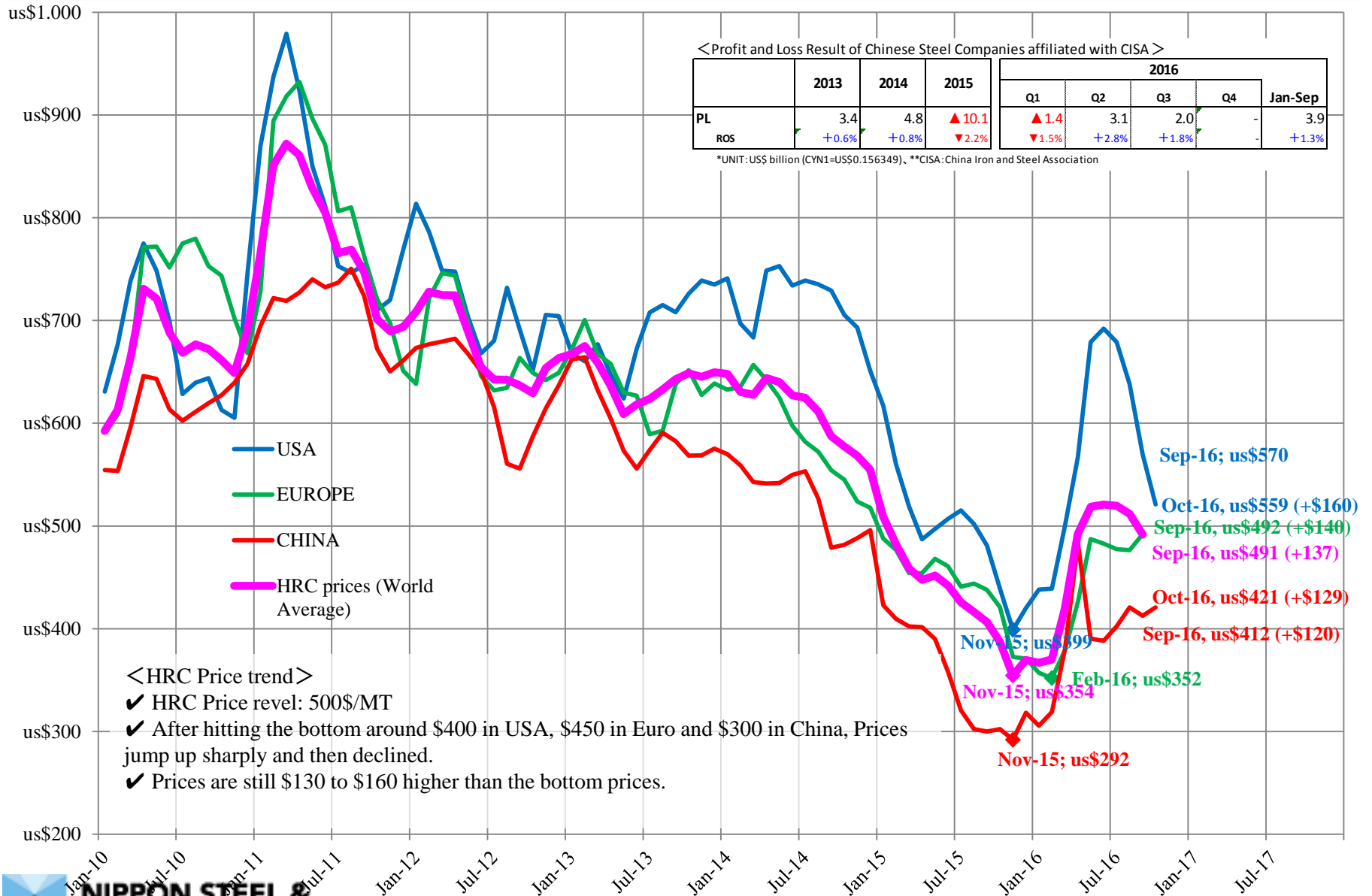


Crude Steel Production (source : World Steel Association)

	2002		2007		2014		2015
	unit : million tonnes						
WORLD TOTAL	904	Δ443 (Δ49%)	1,347	Δ323 (Δ24%)	1,670	▼49 (▼3%)	1,621
ASIA	395 (44%)	Δ362 (Δ92%)	757 (56%)	Δ322 (Δ43%)	1,080 (65%)	Δ31 (Δ3%)	1,110 (67%)
EU28	188 (21%)	Δ22 (Δ12%)	210 (16%)	▼44 (▼21%)	166 (10%)	Δ0 (Δ0%)	166 (10%)
NORTH AMERICA	123 (14%)	Δ10 (Δ8%)	133 (10%)	▼15 (▼11%)	118 (7%)	▼8 (▼7%)	110 (7%)
CIS	101 (11%)	Δ23 (Δ23%)	124 (9%)	▼16 (▼13%)	108 (7%)	▼7 (▼6%)	102 (6%)
others	97 (11%)	Δ26 (Δ27%)	123 (9%)	Δ76 (Δ62%)	199 (12%)	▼65 (▼33%)	133 (8%)
TOP 10 countries	641 (71%)	Δ396 (Δ62%)	1,036 (77%)	Δ354 (Δ34%)	1,390 (83%)	▼42 (▼3%)	1,348 (83%)
1 PR CHINA	182 (20%)	Δ307 (Δ169%)	490 (36%)	Δ333 (Δ68%)	823 (49%)	▼19 (▼2%)	804 (50%)
2 JAPAN	108 (12%)	Δ12 (Δ12%)	120 (9%)	▼10 (▼8%)	111 (7%)	▼6 (▼5%)	105 (6%)
3 INDIA	29 (3%)	Δ25 (Δ86%)	53 (4%)	Δ34 (Δ63%)	87 (5%)	Δ2 (Δ2%)	89 (6%)
4 USA	92 (10%)	Δ7 (Δ7%)	98 (7%)	▼10 (▼10%)	88 (5%)	▼9 (▼11%)	79 (5%)
5 RUSSIA	60 (7%)	Δ13 (Δ21%)	72 (5%)	▼1 (▼1%)	72 (4%)	▼1 (▼1%)	71 (4%)
6 KOREA R	45 (5%)	Δ6 (Δ13%)	52 (4%)	Δ20 (Δ39%)	72 (4%)	▼2 (▼3%)	70 (4%)
7 GERMANY	45 (5%)	Δ4 (Δ8%)	49 (4%)	▼6 (▼12%)	43 (3%)	▼0 (▼0%)	43 (3%)
8 BRAZIL	30 (3%)	Δ4 (Δ14%)	34 (3%)	Δ0 (Δ0%)	34 (2%)	▼1 (▼2%)	33 (2%)
9 TURKEY	16 (2%)	Δ9 (Δ56%)	26 (2%)	Δ8 (Δ32%)	34 (2%)	▼3 (▼7%)	32 (2%)
10 UKLAINE	34 (4%)	Δ9 (Δ26%)	43 (3%)	▼16 (▼36%)	27 (2%)	▼4 (▼15%)	23 (1%)

source: WSA World Steel in Figures 2016

Steel Product Prices / Hot Rolled Coil (HRC)



< Profit and Loss Result of Chinese Steel Companies affiliated with CISA >

	2013	2014	2015	2016				
				Q1	Q2	Q3	Q4	Jan-Sep
PL	3.4	4.8	▲10.1	▲1.4	3.1	2.0	-	3.9
ROS	+0.6%	+0.8%	▼2.2%	▼1.5%	+2.8%	+1.8%	-	+1.3%

*UNIT: US\$ billion (CYN1=US\$0.156349), **CISA: China Iron and Steel Association

< HRC Price trend >

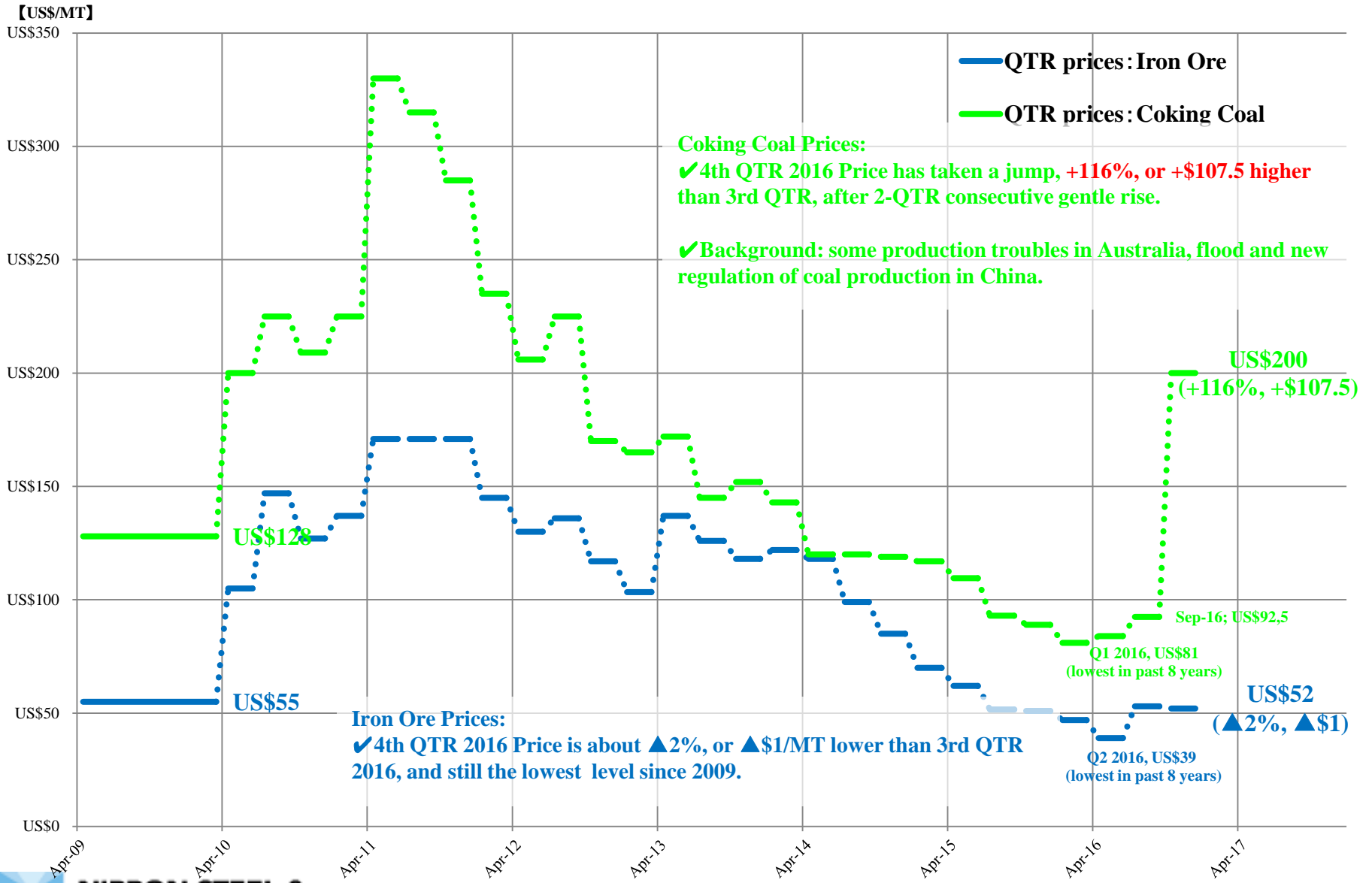
- ✓ HRC Price level: 500\$/MT
- ✓ After hitting the bottom around \$400 in USA, \$450 in Euro and \$300 in China, Prices jump up sharply and then declined.
- ✓ Prices are still \$130 to \$160 higher than the bottom prices.

Reduction of Production Capacity in China

Chinese government expressed serious concern to reduce redundant capacity.

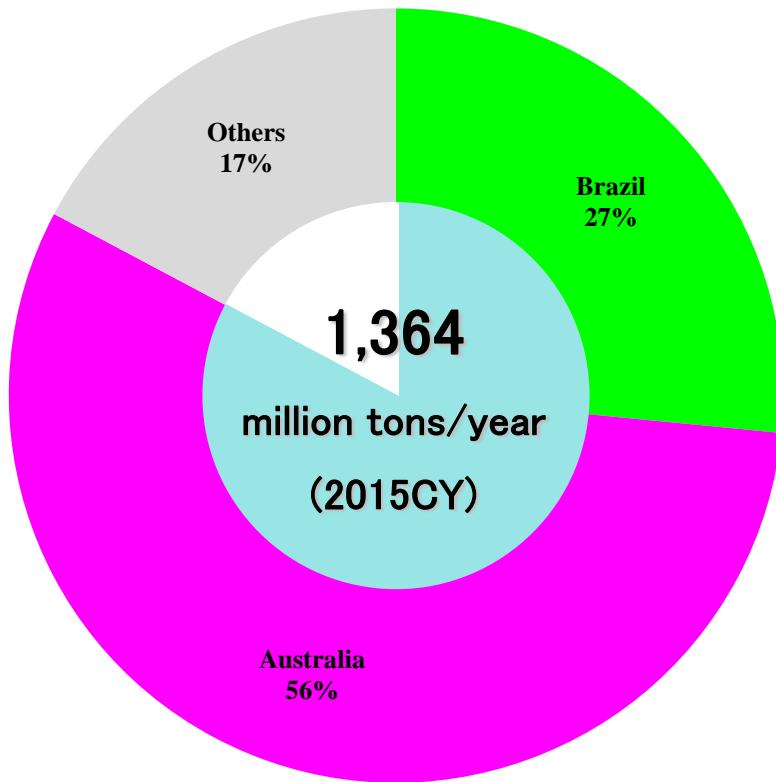
4th Jan	Mr. Li Kequian Premier of China	Expressed strong needs of reduction of redundant production capacity in Chinese Steel and Coal industry.
22 nd Jan	State council of China	Expressed a target capacity reduction of 100 – 150 Million Ton in five Years
22 nd Jan	Ministry of Finance of China	Establishment for funding of 40Billion RMB (6Billion USD) for restructuring of Chinese Steel Industries
26 th Jan	Mr Xi Jinping President of China	Expedited to establish a concrete plan to reduce capacity (Reformation of Supply Side)
Feb	OECD	Plan to establish an organization to monitor capacity reduction in China

Main Raw Material prices / Quarterly fixed prices



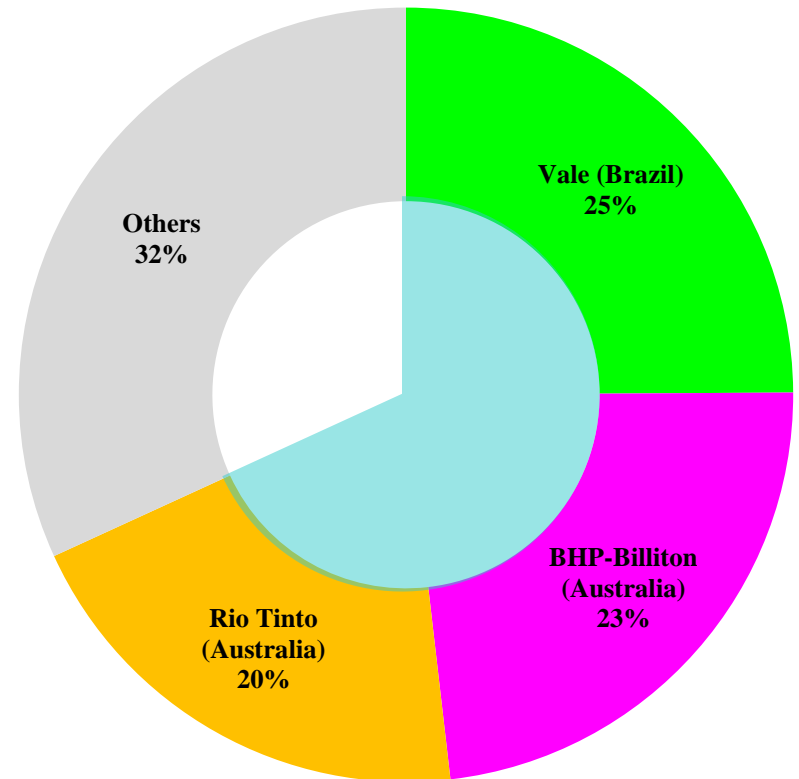
Seaborne trading Volume of Iron Ore 1

By Country



Brazil & Australia share : 83%
(←2014CY 79%)

By Company

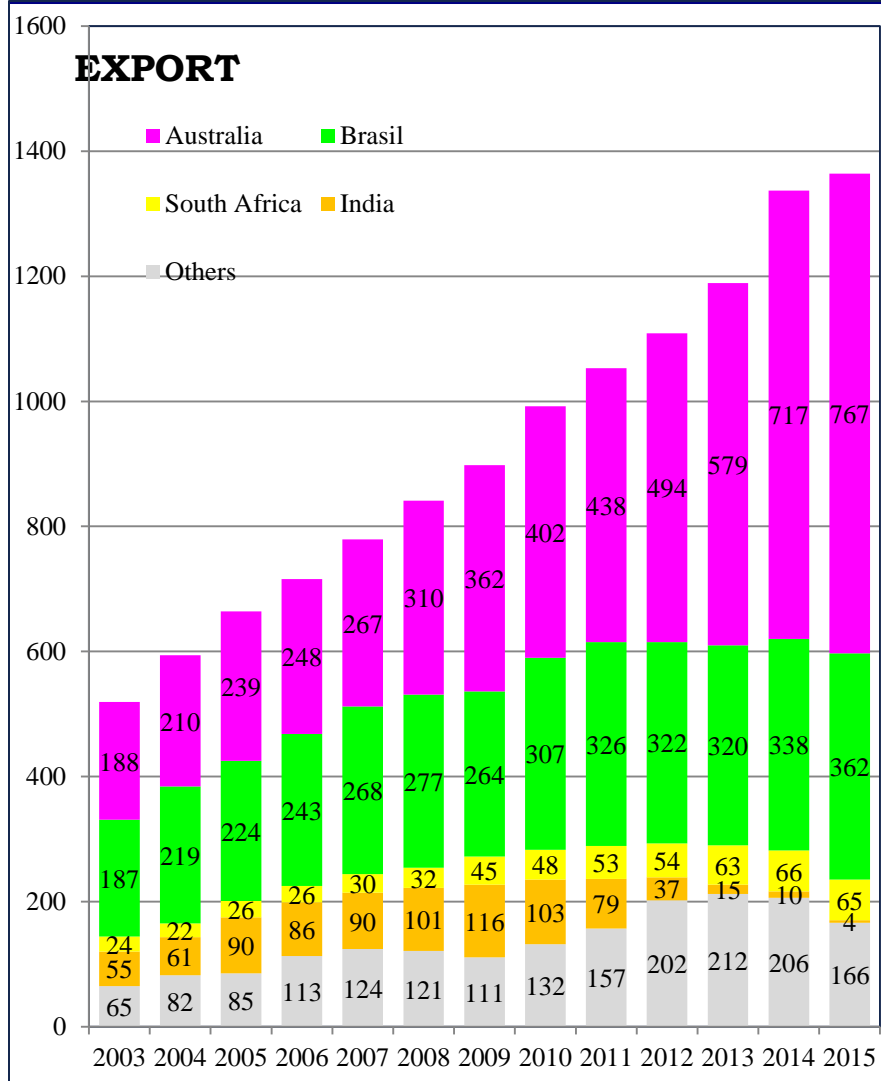


Top 3 share : 68% (←2014CY 62%)

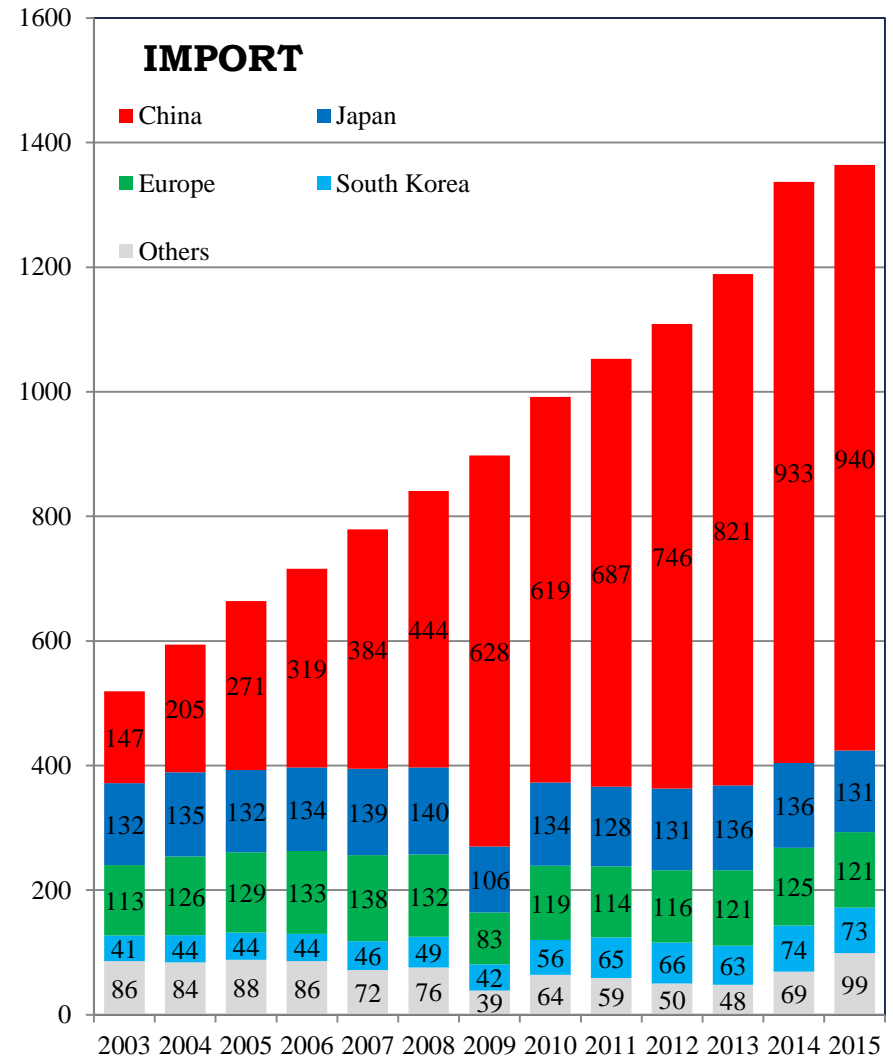
Source : NSSMC estimate

Seaborne trading Volume of Iron Ore 2

UNIT : million MT



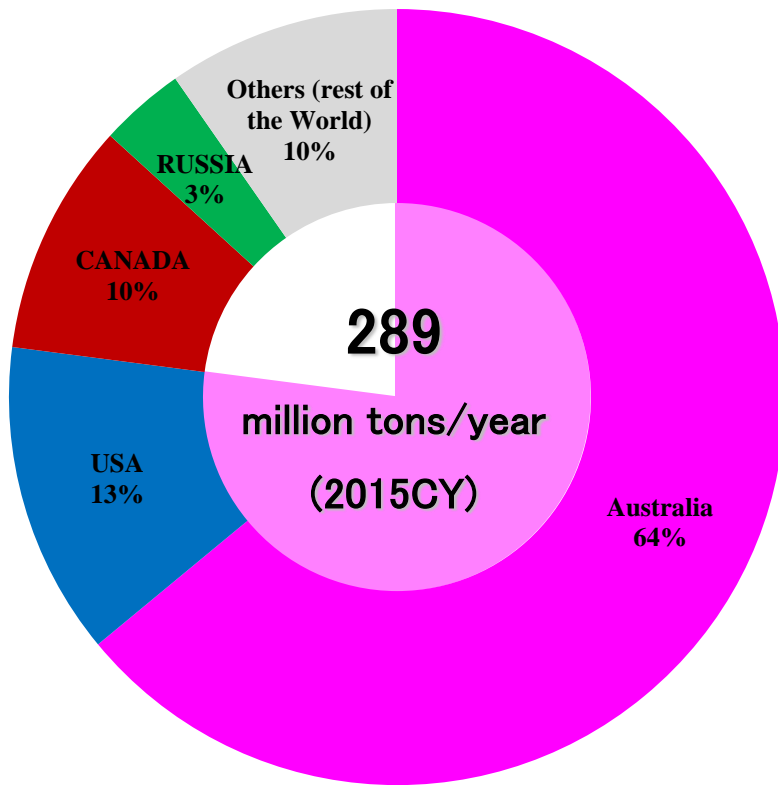
Australia & Brasil 72% 72% 70% 69% 69% 70% 70% 71% 73% 74% 76% 79% 83%



China 28% 35% 41% 45% 49% 53% 70% 62% 65% 67% 69% 70% 69%

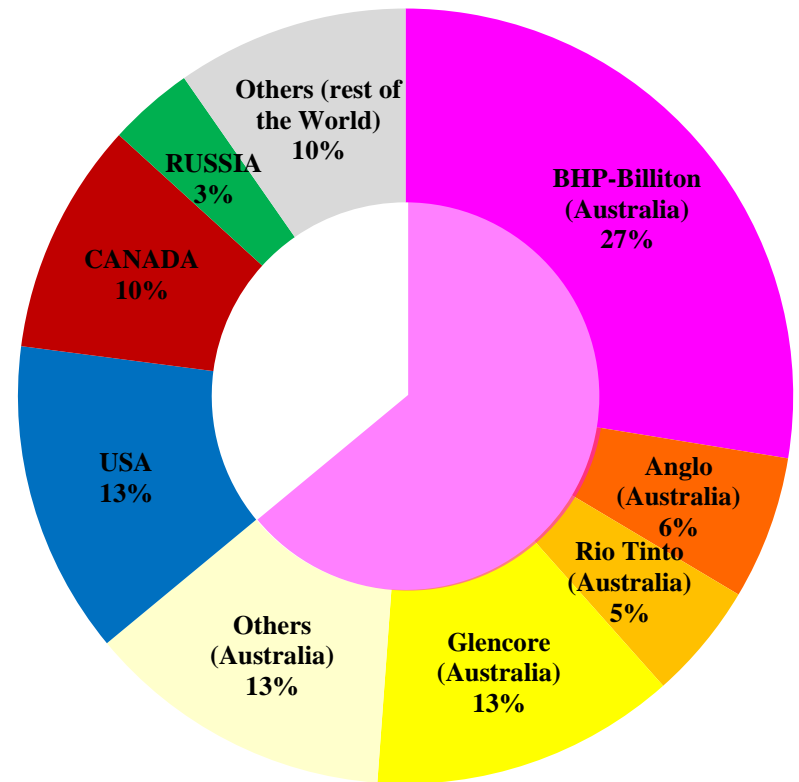
Seaborne trading Volume of Coking Coal 1

By Country



Australia & USA share : 77%
(←2014CY 79%)

By Company

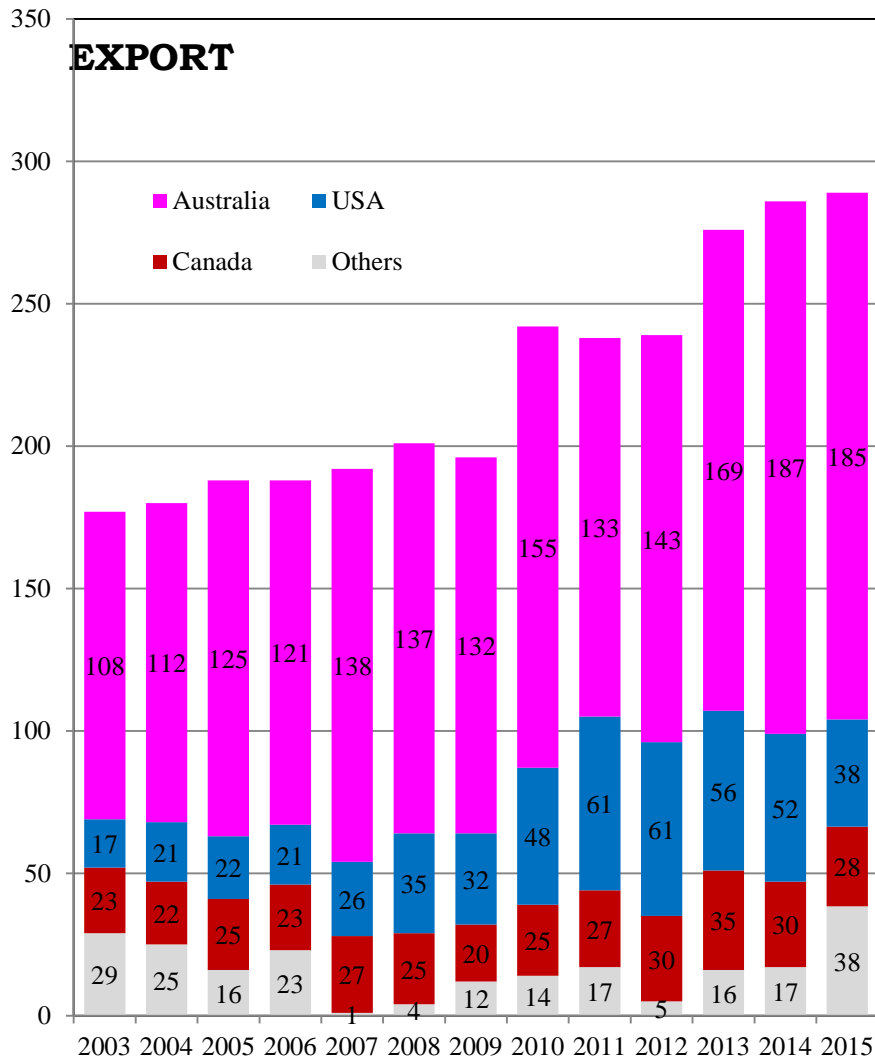


Australia share : 64% (←2014CY 65%)

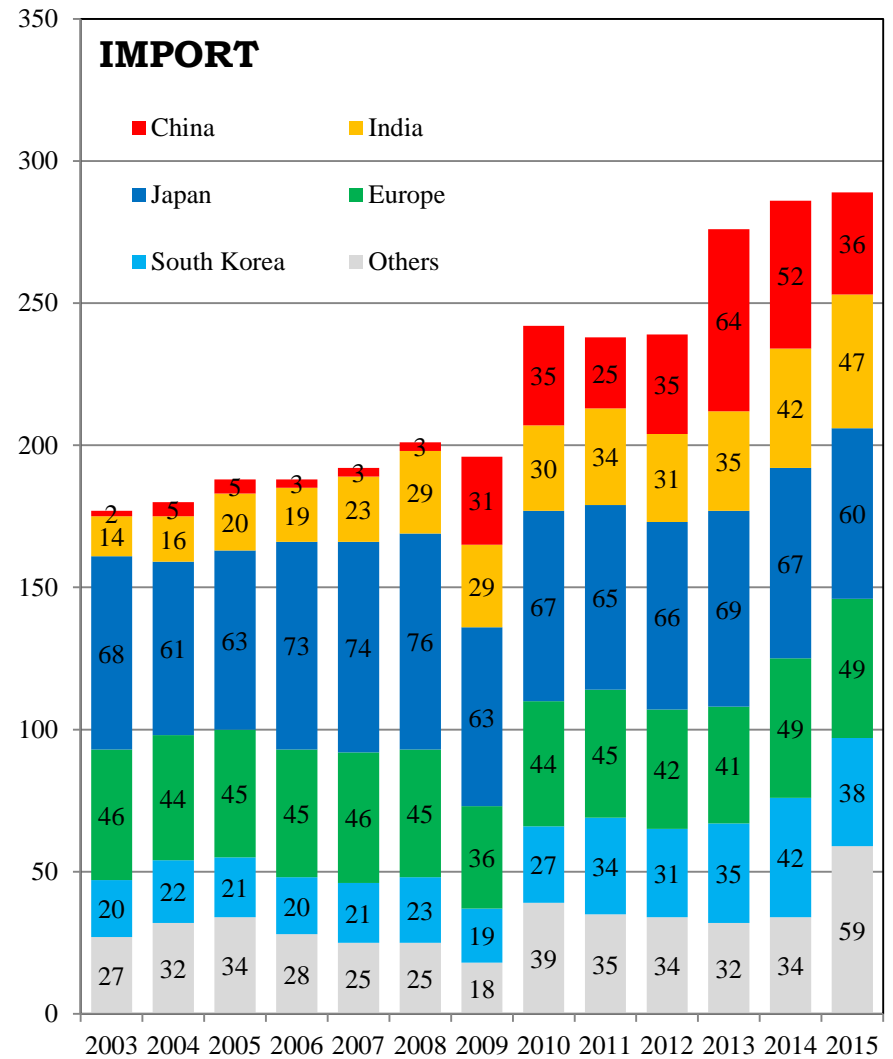
Source : NSSMC estimate

Seaborne trading Volume of Coking Coal 2

UNIT : million MT



Australia 61% 62% 66% 64% 72% 68% 67% 64% 56% 60% 61% 65% 64%



India & China 9% 12% 13% 12% 14% 16% 31% 27% 25% 28% 36% 33% 29%