

**Flash Report**  
**Consolidated Basis**  
**Results for Fiscal 2017**  
**(April 1, 2017—March 31, 2018)**  
**< under Japanese GAAP >**

April 26, 2018

<b>Company name:</b>	Nippon Steel & Sumitomo Metal Corporation
<b>Stock listing:</b>	Tokyo, Nagoya, Sapporo, Fukuoka stock exchanges
<b>Code number:</b>	5401
<b>URL:</b>	<a href="http://www.nssmc.com/en/index.html">http://www.nssmc.com/en/index.html</a>
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<b>Scheduled date to Ordinary General Meeting of Shareholders:</b>	June 26, 2018
<b>Scheduled date to pay dividends:</b>	June 27, 2018
<b>Scheduled date to submit Securities Report:</b>	June 26, 2018
<b>Preparation of supplemental explanatory materials:</b>	Yes
<b>Holding of quarterly financial results meeting:</b>	Yes (for investment analysts)

(Figures of less than ¥1 million have been omitted.)

**1. Consolidated Financial and Operating Results through Fiscal 2017**

(April 1, 2017—March 31, 2018)

**(1) Consolidated Operating Results**

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2017</b>	<b>5,668,663</b>	<b>22.4</b>	<b>182,382</b>	<b>59.7</b>	<b>297,541</b>	<b>70.5</b>	<b>195,061</b>	<b>49.0</b>
Fiscal 2016	4,632,890	(5.6)	114,202	(31.9)	174,531	(13.1)	130,946	(10.0)

(For reference) Comprehensive income: Fiscal 2017 ¥299,598 million 37.8%  
Fiscal 2016 ¥217,453 million —%

	Earnings per share	Earnings per share after full dilution	Return on Equity	Return on Assets	Return on Sales
	Yen	Yen	%	%	%
<b>Fiscal 2017</b>	<b>221.00</b>	—	<b>6.4</b>	<b>4.0</b>	<b>3.2</b>
Fiscal 2016	147.97	—	4.6	2.6	2.5

(For reference) Equity in profit of unconsolidated subsidiaries and affiliates: Fiscal 2017 ¥122,675 million  
Fiscal 2016 ¥79,180 million

**(2) Consolidated Financial Results**

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>Fiscal 2017</b>	<b>7,592,413</b>	<b>3,515,501</b>	<b>41.4</b>	<b>3,563.80</b>
Fiscal 2016	7,261,923	3,291,015	40.6	3,340.22

(For reference) Shareholders' equity: Fiscal 2017 ¥3,145,450 million  
Fiscal 2016 ¥2,948,232 million

**(3) Consolidated Statements of Cash-Flows**

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
<b>Fiscal 2017</b>	<b>458,846</b>	<b>(353,419)</b>	<b>(89,190)</b>	<b>111,779</b>
Fiscal 2016	484,288	(343,738)	(135,054)	91,391

## 2. Dividends

	Dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Fiscal year
	Yen	Yen	Yen	Yen	Yen
Fiscal 2016	—	0.00	—	45.00	45.00
<b>Fiscal 2017</b>	—	<b>30.00</b>	—	<b>40.00</b>	<b>70.00</b>
<b>Fiscal 2018 (Forecasts)</b>	—	—	—	—	—

	Cash dividends	Ratio of cash dividends to profit	Ratio of cash dividends to net assets
	Millions of yen	%	%
Fiscal 2016	39,776	30.4	1.4
<b>Fiscal 2017</b>	61,872	<b>31.7</b>	<b>2.0</b>
Fiscal 2018 (Forecasts)		—	

Notes: 1. The Company has not determined a dividend distribution plan for fiscal 2018 due to the inability to establish reasonable earnings forecasts. The dividend distribution plan will be disclosed when it becomes available.

## 3. Consolidated Financial Forecasts for Fiscal 2018 (April 1, 2018—March 31, 2019)

The earnings forecasts for fiscal 2018 are not presented because the outlook has not been determined due to the difficulty formulating reasonably accurate estimates at this time. For further details, please refer to page 8, “(2) Outlook for Fiscal 2018” of “1. Summary of Results of Operations.”

### \* Notes

- (1) Changes in significant subsidiaries during the period: None
- (2) Changes in accounting principles, changes in accounting estimates, and retrospective restatements
  - (a) Changes in accounting principles accompanying revisions in accounting standards: None
  - (b) Changes other than those in (a) above: None
  - (c) Changes in accounting estimates: None
  - (d) Retrospective restatements: None
- (3) Number of shares issued (common shares)
  - (a) Number of shares issued at the end of the period (including treasury stock)
 

Fiscal 2017	950,321,402 shares
Fiscal 2016	950,321,402 shares
  - (b) Number of treasury stock at the end of the period
 

Fiscal 2017	67,710,915 shares
Fiscal 2016	67,674,097 shares
  - (c) Average number of shares issued during the term
 

Fiscal 2017	882,629,157 shares
Fiscal 2016	884,959,677 shares

**(For Reference) A Summary of Non-Consolidated Financial and Operating Results**  
**Non-Consolidated Financial and Operating Results through Fiscal 2017**  
**(April 1, 2017—March 31, 2018)**

**(1) Non-Consolidated Operating Results**

(Percentage figures are changes from the same period of the previous fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Fiscal 2017</b>	<b>3,266,686</b>	<b>9.8</b>	<b>6,408</b>	—	<b>107,213</b>	<b>122.7</b>	<b>118,275</b>	<b>184.7</b>
Fiscal 2016	2,974,224	(5.9)	(29,195)	—	48,132	(45.3)	41,541	(50.4)

	Earnings per share	Earnings per share after full dilution
	Yen	Yen
<b>Fiscal 2017</b>	133.81	—
Fiscal 2016	46.87	—

**(2) Non-Consolidated Financial Results**

	Total assets	Net assets	Ratio of shareholders' equity to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
<b>Fiscal 2017</b>	<b>5,235,048</b>	<b>2,024,648</b>	<b>38.7</b>	<b>2,290.62</b>
Fiscal 2016	5,085,063	1,938,126	38.1	2,192.65

(For reference) Shareholders' equity: Fiscal 2017 ¥2,024,648 million  
Fiscal 2016 ¥1,938,126 million

\* This flash report is exempt from the audit procedures.

\* Explanation of the appropriate use of performance forecasts and other related items  
(Explanation of the appropriate use of performance forecasts)

The forward-looking statements included in this flash report are based on the assumptions, forecasts, and plans of the Company as of the date on which this document is made public. The Company's actual results may differ substantially from such statements due to various risks and uncertainties.

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## 1. Summary of Results of Operations

### (1) Summary of Results of Operations and Financial Position for Fiscal Year Ended March 31, 2018 (Fiscal 2017)

#### 1. Overview of Conditions in Fiscal 2017

The global economy stayed on a recovery trend overall during the period under review. The United States maintained a steady economic recovery against the background of robust private consumption and an improvement in labor market conditions, while Europe continued its upward trend. China experienced stable economic conditions, and developing countries maintained a gradual economic recovery.

The Japanese economy continued to improve moderately, sustained by steady private consumption and capital investment.

Domestic demand for steel remained firm, mainly in the automotive and construction/civil engineering sectors. Overseas steel demand also continued to increase at a moderate pace. The international steel market in general remained at high levels, against the background of tighter supply and demand conditions and other factors.

Under such business environment, the Nippon Steel & Sumitomo Metal Corporation (NSSMC) Group made steady progress in implementing the strategies of the Mid-Term Management Plan to Fiscal 2017, which was launched in March 2015. This included enhancing the competitiveness of the domestic “mother mills,” advancing global strategies, augmenting technological superiority, realizing world-leading cost-competitiveness, and strengthening the Group companies in the steelmaking business.

#### Operating Results by Business Segment for Fiscal 2017

The NSSMC Group’s business segments each put forth utmost management effort to generate results while responding to the changing business environment. An overview of operating results by business segment is shown below.

	(Billions of yen)			
	Net Sales		Ordinary Profit	
	Fiscal 2017	Fiscal 2016	Fiscal 2017	Fiscal 2016
Steelmaking and steel fabrication	5,017.2	4,052.2	245.7	138.0
Engineering and construction	294.2	267.5	9.1	6.8
Chemicals	200.7	174.2	15.4	4.5
New materials	37.0	34.5	1.9	1.7
System solutions	244.2	232.5	23.2	22.1
Total	5,793.5	4,761.0	295.5	173.2
Adjustments	(124.8)	(128.1)	2.0	1.2
Consolidated total	5,668.6	4,632.8	297.5	174.5

## **Steelmaking and steel fabrication**

The Steelmaking and Steel Fabrication segment implemented various measures centered primarily on enhancing the competitiveness of the domestic “mother mills” and advancing global strategies.

In Japan, NSSMC identified the improvement and reconstruction of steelworks as a priority management issue and continued to implement policies to enhance these manufacturing capabilities in terms of both facilities and workforce. Concerning facilities, NSSMC decided to refurbish the coke oven at its Muroran Works and took other measures to maintain and strengthen the soundness of its manufacturing capabilities, including the upgrading of basic facilities. As for the workforce, to ensure the transfer of skills without fail from the retiring older generation to the younger generations, NSSMC strengthened its recruitment activities and took initiatives to train personnel from a long-term perspective. Moreover, NSSMC absorbed and merged consolidated subsidiary Nippon Steel & Sumikin Kotetsu Wakayama Corporation, which performs the upstream operations (ironmaking and steelmaking operations) in NSSMC’s Wakayama Works, with the aim of substantially increasing management efficiency through the use of its business infrastructure.

In markets outside Japan, NSSMC took major strides toward enhancing its global supply network to capture demand in overseas growth markets and build an operating structure that better responds to customers’ global development requirements. For example, in Indonesia, where demand is expected to grow in the automotive market, NSSMC’s joint venture to manufacture and sell high-grade, high-quality steel sheets for automobiles, began operation. In Brazil, NSSMC exchanged basic agreements to introduce new governance rules and other provisions at Usinas Siderúrgicas de Minas Gerais S.A. – Usiminas (“Usiminas”), an equity-method affiliate of NSSMC, with the Argentine company Ternium Investments S.à r.l., which jointly manages Usiminas, and confirmed that both companies will closely cooperate to enhance the competitiveness of Usiminas and increase its corporate value.

In India, with the aim of steadily capturing significant demand growth in the medium to long term, NSSMC has decided to participate in the procedure for the joint acquisition of Essar Steel India Limited with ArcelorMittal. In the area of specialty steels where strong demand is expected, NSSMC is seeking to substantially strengthen its technological capabilities, quality, and product development while enhancing as well as expanding its global business. The Company has therefore concluded an agreement to acquire Ovako AB, a Swedish company which has world-leading technologies in bearing steel and other such products combined with a manufacturing and sales network in Europe. At the same time, in Japan, the Company has decided to commence discussions regarding making Sanyo Special Steel Co., Ltd. a subsidiary of NSSMC and other issues.

As evidence of NSSMC’s strengths in advanced technology, a “resource-saving, environmentally friendly, high productivity stainless steelmaking process” using a steel alloy melting furnace developed by the Company was awarded the Okochi Memorial Foundation Special Production Award in the 64th Okochi Awards. This award is the highest of the Okochi awards that are presented to remarkable contributions in areas such as production engineering. The process that received the award this time, enables the full recycling of scrap containing chrome, which is generated by the stainless steel production process and other materials. It is therefore not only environmentally friendly but also contributes to

increasing productivity and reducing costs. In addition, NSSMC decided to newly install an ultra-high tensile strength sheet manufacturing facility at its Kimitsu Works. This is expected to enable NSSMC to capture demand from the automobile industry for materials to make vehicles lighter and stronger. Through these activities, the Company will continue to contribute to offering high-performance materials and solutions technologies to create new value for its customers.

Furthermore, NSSMC also continued to strive to reduce raw material and fuel costs and improve production yield, from the perspective of cost reduction, and to seek the understanding and cooperation of its customers in adjusting steel product prices, given the surge in raw material prices and other factors. The steelmaking and steel fabrication segment recorded net sales of ¥5,017.2 billion and ordinary profit of ¥245.7 billion.

### **Engineering and Construction**

Nippon Steel & Sumikin Engineering Co., Ltd., saw signs of an improvement in the robust business environment, as oil prices rose and overseas steelmakers resumed capital investments. Solid business conditions in the domestic construction sector and other areas and the company's steady control of project execution also contributed to an increase in both sales and profit. The engineering and construction segment posted net sales of ¥294.2 billion and ordinary profit of ¥9.1 billion.

### **Chemicals**

Nippon Steel & Sumikin Chemical Co., Ltd. expanded sales of circuit board materials and display materials for electronic devices such as smartphones in its functional materials business, and posted record-high sales volume of both materials during the term. In the chemicals business, supply and demand conditions for styrene monomer, a core product in this segment, were favorable, enabling the company to report a steady gain in profit. In the coal tar chemicals business, supply and demand conditions for needle coke were tight due to robust demand for graphite electrodes used in the electric furnace sector, while demand for coke used in negative pole electrodes in lithium ion batteries also increased. As a result, the market environment showed a significant improvement along with rising product price levels and other factors. The chemicals segment recorded net sales of ¥200.7 billion and ordinary profit of ¥15.4 billion.

### **New Materials**

Nippon Steel & Sumikin Materials Co., Ltd. within its semiconductor and electronics industrial materials business, continued to post favorable sales of metal foils for suspension and other materials. In the field of environmental and energy materials, sales of metal substrates expanded as the company steadily captured demand in developing countries. Although overall performance was affected by severer competition, an increase in sales boosted both net sales and profit. The new materials segment posted net sales of ¥37.0 billion and ordinary profit of ¥1.9 billion.

### **System Solutions**

NS Solutions Corporation provides comprehensive solutions in the planning, configuration, operation, and maintenance of IT systems for clients in a wide range of business fields and develops leading-edge solutions services that respond to the changing business conditions of its clients. During the fiscal year, the company promoted the development of solutions for its customer enterprises to enable them to make use of AI, machine learning, and IoT and thereby enhance the sophistication of their operations in their production and logistics workplaces. This contributed to the expansion of both sales and profit. The system solutions segment recorded net sales of ¥244.2 billion and ordinary profit of ¥23.2 billion.

### **Sales and Profit**

The Company's profit for the fiscal year was negatively affected by a decrease in production and shipment volume due to some facility-related troubles and adverse weather, a surge in prices of primary raw materials, and rises in costs of some auxiliary materials such as scrap and alloy, other materials procurement costs, and distribution costs. However, these factors were more than offset by positive factors such as the steady execution of cost reduction measures, the improved performance of domestic and overseas Group companies, and the positive impact of differences in inventory valuations. As a result, NSSMC posted consolidated net sales of ¥5,668.6 billion, operating profit of ¥182.3 billion, ordinary profit of ¥297.5 billion, and profit attributable to owners of parent of ¥195.0 billion.



### **Assets, Liabilities, Net Assets, and Cash Flows**

Consolidated total assets at the end of fiscal 2017 were ¥7,592.4 billion, representing an increase of ¥330.4 billion from ¥7,261.9 billion at the end of fiscal 2016. The main factors accounting for this were increases of ¥54.4 billion in notes and accounts receivable, ¥164.3 billion in inventories, and ¥55.0 billion in investments in securities.

Consolidated total liabilities at the end of fiscal 2017 were ¥4,076.9 billion, representing an increase of ¥106.0 billion from ¥3,970.9 billion at the end of fiscal 2016. The main factors accounting for this were a decrease in interest-bearing liabilities of ¥35.9 billion, from ¥2,104.8 billion at the end of fiscal 2016 to ¥2,068.9 billion at the end of fiscal 2017, a rise in notes and accounts payable of ¥46.8 billion, a rise in accounts payable-other of ¥66.7 billion, and an increase in deferred tax liabilities of ¥14.8 billion.

Net assets amounted to ¥3,515.5 billion at the end of fiscal 2017, representing an increase of ¥224.4 billion from ¥3,291.0 billion at the end of fiscal 2016. The main factors behind the increase were a rise in profit attributable to owners of parent of ¥195.0 billion, a decrease in the payment of dividends of ¥66.2 billion, an increase in unrealized gains on available-for-sale securities of ¥43.8 billion, and an increase in non-controlling interests of ¥27.2 billion. As a result, shareholders' equity at the end of fiscal 2017 amounted to ¥3,145.4 billion, and the ratio of interest-bearing debt to shareholders' equity (D/E ratio) was 0.66 times.

Cash flows provided by operating activities in fiscal 2017 amounted to an inflow of ¥458.8 billion (compared to an inflow of ¥484.2 billion in fiscal 2016). The main factors were inflows of ¥289.8 billion from profit before income taxes and ¥340.7 billion from depreciation and amortization, as well as outflows from an increase in notes and accounts receivable of ¥50.1 billion and an increase in inventories of ¥162.8 billion.

Cash flows from investing activities amounted to an outflow of ¥353.4 billion (compared to an outflow of ¥343.7 billion in fiscal 2016), as outflows from capital investments and other items of ¥403.0 billion exceeded inflows, which included proceeds of ¥39.9 billion from sales of investment securities. The result was a free cash inflow of ¥105.4 billion in fiscal 2017 (compared to an inflow of ¥140.5 billion in fiscal 2016).

Cash flows from financing activities amounted to an outflow of ¥89.1 billion (compared to an outflow of ¥135.0 billion in fiscal 2016) largely due to the payment of cash dividends of ¥66.2 billion at the end of fiscal 2016 and the end of first half (interim) of fiscal 2017 and a decrease in interest-bearing debt of ¥35.9 billion. As a result of these cash flows, cash and cash equivalents at the end of the fiscal year stood at ¥111.7 billion.

### **Basic Profit Distribution Policy and Distribution of Dividends for Fiscal 2017**

NSSMC's basic profit distribution policy is to pay dividends from distributable funds at the end of the first half (interim) and second half (year-end) of the fiscal year, in consideration of the consolidated operating results and such factors as capital requirements for investment and other activities aimed at raising corporate value and performance prospects while also considering the financial structure of the Company on both consolidated and non-consolidated bases.

NSSMC has adopted a consolidated payout ratio target of around 20%-30% as a benchmark for the "payment of dividends from distributable funds in consideration of the consolidated operating results."

The level of the first-half dividend is determined based on consideration of interim performance figures and forecasts for the full fiscal year performance.

Concerning dividend distribution, in accordance with the basic profit distribution policy described above, NSSMC paid a dividend of ¥30 per share for the end of the first half (interim). Regarding the fiscal year-end dividend, following the previously stated policy and in view of more favorable results in earnings compared to the most recent forecasts announced on February 1, 2018, the Company now plans to request the approval of the General Meeting of Shareholders to distribute a year-end dividend payment of ¥40 per share (bringing the dividend for the full year to ¥70 per share and representing a consolidated payout ratio of 31.7%), raising the previously announced dividend of ¥30 per share by ¥10.

## **(2) Outlook for the Fiscal Year Ending March 31, 2019 (Fiscal 2018)**

### **Outlook for Operations in Fiscal 2018**

The overall global economy is expected to show a continued moderate recovery, although conditions will remain uncertain because of political issues in various countries and other factors. This forecast assumes that the economies of both the United States and Europe will continue to show their upward trend, the Chinese economy continues to be firm, and the economies of developing countries stay on a gradual recovery path.

The Japanese economy is forecast to show a continued moderate improvement as labor market conditions show steady improvement.

Domestic steel demand is expected to remain firm, especially in the automotive and industrial machinery sectors. We anticipate that overseas steel demand will continue to expand at a moderate pace. In the international steel market, we are assuming that the supply and demand balance will remain relatively tight, but, since there are concerns about the impact of protectionist policies in the United States and other countries, close attention to future trends will be necessary.

Amid these conditions, NSSMC will continue to closely monitor trends in steel product supply and demand and raw material prices and will also strive to implement steady cost improvement. In tandem with these initiatives, NSSMC is working to secure appropriate sales prices for continuous supply, and will continue to seek the understanding and cooperation of its customers in adjusting steel product prices, given surges in primary raw material prices, especially for coking coal, as well as rises in prices of some auxiliary materials such as scrap and alloy, other materials procurement costs, and distribution costs.

NSSMC is unable at this time to establish reasonably accurate earnings estimates for fiscal 2018 due to several factors, including the uncertainty of price trends for primary raw materials and steel products. The Company will disclose fiscal 2018 earnings forecasts when reasonable estimates become possible.

### **Outlook for Distribution of Dividends for Fiscal 2018**

NSSMC will increase the guideline for the payment of dividends from distributable funds in consideration of consolidated operating results in the basic profit distribution policy to a targeted consolidated payout ratio of around 30% as the benchmark. This guideline will apply beginning with the payment of dividends for the first half (interim) of fiscal 2018 in order to provide a higher return to shareholders.

The Company has not determined a dividend distribution plan for fiscal 2018 due to the inability to establish reasonable earnings forecasts, as stated above. The dividend distribution plan will be disclosed when it becomes available.

## **2. Basic Rationale for Selection of Accounting Standards**

The Company has considered transition to international accounting standards with aims to increase corporate value through enhancement of global business development and improve international comparability of financial information in capital markets. The Company has changed timing for adoption of international accounting standards from the first quarter of the fiscal year ending March 31, 2019 to the year end of the fiscal year ending March 31, 2019 to make sure to provide its investors with more useful information. The Company will adopt the International Financial Reporting Standards (IFRS) as international accounting standards.

### Disclosure schedule

Fiscal Year		Disclosure Materials	Accounting Standards
Fiscal year ending March 31, 2018	Year End	-Flash report consolidated basis results -Consolidated financial statements pursuant to the Companies Act of Japan -Consolidated financial statements pursuant to the Financial Instruments and Exchange Act	JGAAP
Fiscal year ending March 31, 2019	1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> quarter	-Flash report consolidated basis results -Quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Act	JGAAP
	Year End	-Flash report consolidated basis results -Consolidated financial statements pursuant to the Companies Act of Japan -Consolidated financial statements pursuant to the Financial Instruments and Exchange Act	IFRS

### 3. Consolidated Financial Statements and Major Notes

#### (1) Consolidated Balance Sheets

	Millions of yen	
<b>ASSETS</b>	March 31, 2017	<b>March 31, 2018</b>
<b>Current assets :</b>		
Cash and bank deposits	88,111	<b>108,782</b>
Notes and accounts receivable	624,089	<b>678,579</b>
Marketable securities	4,654	<b>7,266</b>
Inventories	1,215,649	<b>1,380,003</b>
Deferred tax assets	59,441	<b>77,363</b>
Other	254,669	<b>226,635</b>
Less: Allowance for doubtful accounts	(2,179)	<b>(1,766)</b>
<b>Total current assets</b>	2,244,436	<b>2,476,863</b>
<b>Fixed assets :</b>		
Tangible fixed assets :		
Buildings and structures	753,697	<b>759,716</b>
Machinery, equipment and vehicles	1,114,851	<b>1,131,993</b>
Tools, furniture and fixtures	47,903	<b>52,671</b>
Land	654,475	<b>653,182</b>
Leased assets	10,318	<b>13,061</b>
Construction in progress	259,591	<b>264,334</b>
Total tangible fixed assets	2,840,838	<b>2,874,959</b>
Intangible assets :		
Goodwill	38,652	<b>32,401</b>
Leased assets	359	<b>1,636</b>
Patents and utility rights	5,229	<b>4,802</b>
Software	47,045	<b>46,131</b>
Total intangible assets	91,287	<b>84,972</b>
Investments and others :		
Investments in securities	816,389	<b>871,399</b>
Shares of subsidiaries and affiliates	1,041,397	<b>1,069,688</b>
Long-term loans receivable	36,713	<b>32,149</b>
Net defined benefit assets	92,948	<b>116,573</b>
Deferred tax assets	55,521	<b>26,185</b>
Other	45,959	<b>43,346</b>
Less: Allowance for doubtful accounts	(3,569)	<b>(3,726)</b>
Total investments and others	2,085,361	<b>2,155,616</b>
<b>Total fixed assets</b>	5,017,487	<b>5,115,549</b>
<b>Total assets</b>	7,261,923	<b>7,592,413</b>

	Millions of yen	
<b>LIABILITIES</b>	March 31, 2017	March 31, 2018
<b>Current liabilities :</b>		
Notes and accounts payable	728,300	775,126
Short-term loans payable	316,115	300,632
Commercial paper	20,000	76,000
Bonds due within one year	140,000	85,700
Current portion of lease obligations	3,769	3,016
Accounts payable-other	383,125	449,913
Income taxes payable	31,909	43,916
Provision for loss on construction contracts	2,297	1,508
Other	329,616	350,477
<b>Total current liabilities</b>	<u>1,955,134</u>	<u>2,086,291</u>
<b>Long-term liabilities :</b>		
Bonds and notes	255,690	209,996
Long-term loans payable	1,360,025	1,380,660
Lease obligations (excluding current portion)	8,444	12,990
Deferred tax liabilities	99,293	114,120
Deferred tax liabilities on revaluation of land	7,069	7,010
Allowance for retirement benefits of directors and Audit & Supervisory Board members	4,799	4,991
Net defined benefit liabilities	188,016	166,152
Other	92,433	94,698
<b>Total long-term liabilities</b>	<u>2,015,774</u>	<u>1,990,620</u>
<b>Total liabilities</b>	<u>3,970,908</u>	<u>4,076,911</u>
<b>NET ASSETS</b>		
<b>Shareholders' equity :</b>		
Common stock	419,524	419,524
Capital surplus	386,873	386,865
Retained earnings	1,949,960	2,076,769
Less: Treasury stock, at cost	(132,063)	(132,162)
<b>Total shareholders' equity</b>	<u>2,624,294</u>	<u>2,750,997</u>
<b>Accumulated other comprehensive income:</b>		
Unrealized gains on available-for-sale securities	269,282	313,116
Deferred hedge income (loss)	(2,370)	(2,107)
Unrealized gains on revaluation of land	3,002	3,001
Foreign currency translation adjustments	(9,339)	(4,898)
Remeasurements of defined benefit plans	63,363	85,341
<b>Total accumulated other comprehensive income</b>	<u>323,938</u>	<u>394,453</u>
<b>Non-controlling interests in consolidated subsidiaries</b>	<u>342,782</u>	<u>370,050</u>
<b>Total net assets</b>	<u>3,291,015</u>	<u>3,515,501</u>
<b>Total liabilities and net assets</b>	<u>7,261,923</u>	<u>7,592,413</u>

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations		Millions of yen	
	Fiscal 2016	Fiscal 2017	
<b>Operating revenues :</b>			
Net sales	4,632,890	<b>5,668,663</b>	
Cost of sales	4,065,779	<b>4,969,121</b>	
<b>Gross profit</b>	567,111	<b>699,541</b>	
Selling, general and administrative expenses	452,908	<b>517,158</b>	
<b>Operating profit</b>	114,202	<b>182,382</b>	
<b>Non-operating profit and loss :</b>			
Non-operating profit :			
Interest income	5,654	<b>5,146</b>	
Dividend income	14,923	<b>17,608</b>	
Equity in profit of unconsolidated subsidiaries and affiliates	79,180	<b>122,675</b>	
Other	43,162	<b>55,704</b>	
	142,921	<b>201,135</b>	
Non-operating loss :			
Interest expense	18,006	<b>20,106</b>	
Other	64,586	<b>65,869</b>	
	82,593	<b>85,976</b>	
<b>Ordinary profit</b>	174,531	<b>297,541</b>	
<b>Extraordinary profit :</b>			
Gain on sales of investment in securities	-	<b>25,685</b>	
Gain on sales of shares of subsidiaries and associates	24,172	-	
Gain on step acquisitions	10,027	-	
	34,200	<b>25,685</b>	
<b>Extraordinary loss :</b>			
Impairment loss	-	<b>15,602</b>	
Loss on inactive facilities	12,793	<b>11,604</b>	
Loss on disaster	7,839	-	
Restructuring loss	6,407	<b>6,158</b>	
	27,039	<b>33,366</b>	
<b>Profit before income taxes</b>	181,692	<b>289,860</b>	
Income taxes - current	47,074	<b>76,309</b>	
Income taxes - deferred	(11,377)	<b>(7,510)</b>	
	35,697	<b>68,798</b>	
<b>Profit</b>	145,995	<b>221,061</b>	
Profit attributable to non-controlling interests	15,048	<b>26,000</b>	
<b>Profit attributable to owners of parent</b>	130,946	<b>195,061</b>	

Consolidated Statements of Comprehensive Income		Millions of yen	
	Fiscal 2016	Fiscal 2017	
Profit	145,995	<b>221,061</b>	
Other comprehensive income			
Unrealized gains on available-for-sale securities	68,181	<b>44,845</b>	
Deferred hedge income (loss)	6,515	<b>(736)</b>	
Foreign currency translation adjustments	(30,691)	<b>10,937</b>	
Remeasurements of defined benefit plans	20,348	<b>23,779</b>	
Share of other comprehensive income of affiliates accounted for using equity method	7,103	<b>(288)</b>	
Total other comprehensive income	71,458	<b>78,537</b>	
Comprehensive income	217,453	<b>299,598</b>	
(Breakdown)			
Comprehensive income attributable to owners of parent	203,625	<b>265,294</b>	
Comprehensive income attributable to non-controlling interests	13,828	<b>34,303</b>	

**(3) Consolidated Statements of Changes in Net Assets**

Fiscal 2016	Shareholders' equity					Millions of yen
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total Shareholders' equity	
Balance at March 31, 2016	419,524	383,010	1,837,919	(87,942)	2,552,512	
Changes of items during period						
Cash dividends			(13,554)		(13,554)	
Profit attributable to owners of parent			130,946		130,946	
Acquisition of treasury stock				(44,321)	(44,321)	
Disposal of treasury stock		(17)		199	182	
Increase(decrease) due to the change in the number of consolidated companies			(5,385)	0	(5,385)	
Increase due to reversal of unrealized gains on revaluation of land			34		34	
Change in shares of parent arising from transactions with non-controlling interests		3,879			3,879	
Net changes of items other than shareholders' equity						
Total change for fiscal 2016	-	3,862	112,041	(44,121)	71,782	
<b>Balance at March 31, 2017</b>	<b>419,524</b>	<b>386,873</b>	<b>1,949,960</b>	<b>(132,063)</b>	<b>2,624,294</b>	

	Accumulated other comprehensive income						Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2016	171,378	(10,883)	3,025	14,652	43,136	221,310	235,252	3,009,075
Changes of items during period								
Cash dividends								(13,554)
Profit attributable to owners of parent								130,946
Acquisition of treasury stock								(44,321)
Disposal of treasury stock								182
Increase(decrease) due to the change in the number of consolidated companies								(5,385)
Increase due to reversal of unrealized gains on revaluation of land								34
Change in shares of parent arising from transactions with non-controlling interests								3,879
Net changes of items other than shareholders' equity	97,904	8,513	(23)	(23,991)	20,226	102,628	107,530	210,158
Total change for fiscal 2016	97,904	8,513	(23)	(23,991)	20,226	102,628	107,530	281,940
<b>Balance at March 31, 2017</b>	<b>269,282</b>	<b>(2,370)</b>	<b>3,002</b>	<b>(9,339)</b>	<b>63,363</b>	<b>323,938</b>	<b>342,782</b>	<b>3,291,015</b>



Fiscal 2017	Shareholders' equity					Total Shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost		
Balance at March 31, 2017	419,524	386,873	1,949,960	(132,063)		2,624,294
Changes of items during period						
Cash dividends			(66,293)			(66,293)
Profit attributable to owners of parent			195,061			195,061
Acquisition of treasury stock				(102)		(102)
Disposal of treasury stock		1		3		4
Increase(decrease) due to the change in the number of consolidated companies			(1,959)	0		(1,958)
Increase due to reversal of unrealized gains on revaluation of land			0			0
Change in shares of parent arising from transactions with non-controlling interests		(8)				(8)
Net changes of items other than shareholders' equity						
Total change for fiscal 2017	-	(7)	126,809	(98)		126,702
<b>Balance at March 31, 2018</b>	<b>419,524</b>	<b>386,865</b>	<b>2,076,769</b>	<b>(132,162)</b>		<b>2,750,997</b>

	Accumulated other comprehensive income						Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains on available-for-sale securities	Deferred hedge income (loss)	Unrealized gains on revaluation of land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at March 31, 2017	269,282	(2,370)	3,002	(9,339)	63,363	323,938	342,782	3,291,015
Changes of items during period								
Cash dividends								(66,293)
Profit attributable to owners of parent								195,061
Acquisition of treasury stock								(102)
Disposal of treasury stock								4
Increase(decrease) due to the change in the number of consolidated companies								(1,958)
Increase due to reversal of unrealized gains on revaluation of land								0
Change in shares of parent arising from transactions with non-controlling interests								(8)
Net changes of items other than shareholders' equity	43,834	262	(0)	4,440	21,978	70,515	27,267	97,783
Total change for fiscal 2017	43,834	262	(0)	4,440	21,978	70,515	27,267	224,486
<b>Balance at March 31, 2018</b>	<b>313,116</b>	<b>(2,107)</b>	<b>3,001</b>	<b>(4,898)</b>	<b>85,341</b>	<b>394,453</b>	<b>370,050</b>	<b>3,515,501</b>

#### (4) Consolidated Statements of Cash-Flows

Millions of yen

	Fiscal 2016	Fiscal 2017
<b>Cash flows from operating activities :</b>		
Profit before income taxes	181,692	289,860
Adjustments to reconcile profit to net cash provided by operating activities :		
Depreciation and amortization	304,751	340,719
Impairment loss	-	15,602
Amortization of goodwill	4,015	4,774
Interest and dividend income (accrual basis)	(20,577)	(22,754)
Interest expense (accrual basis)	18,006	20,106
Equity in profit of unconsolidated subsidiaries and affiliates	(79,180)	(122,675)
Loss on disposal of tangible and intangible assets	8,694	4,540
Loss (gain) on sales of tangible and intangible assets	(7,192)	(9,023)
Loss (gain) on sales of investments in securities	(8,535)	(25,685)
Loss (gain) on sales of shares of subsidiaries and affiliates	(24,172)	(2,635)
Loss (gain) on step acquisitions	(10,027)	-
Restructuring loss	6,407	6,158
Changes in allowance for doubtful accounts	1,439	(260)
Changes in notes and accounts receivable	(29,227)	(50,156)
Changes in inventories	26,500	(162,841)
Changes in notes and accounts payable	27,363	49,296
Other	109,945	157,865
Subtotal	509,900	492,892
Interest and dividend income (cash basis)	34,568	50,566
Interest expense (cash basis)	(18,428)	(21,175)
Income taxes (cash basis)	(41,751)	(63,438)
<b>Net cash provided by operating activities</b>	<b>484,288</b>	<b>458,846</b>
<b>Cash flows from investing activities :</b>		
Acquisition of tangible and intangible assets	(321,879)	(403,064)
Proceeds from sales of tangible and intangible assets	15,004	13,430
Acquisition of investments in securities	(48,715)	(3,169)
Proceeds from sales of investments in securities	42,520	39,936
Acquisition of shares of subsidiaries and affiliates	(14,413)	(4,939)
Proceeds from sales of shares of subsidiaries and affiliates	30,820	9,522
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(52,892)	289
Payment for loans	(9,511)	(6,537)
Proceeds from collections of loans	3,504	2,875
Other	11,826	(1,762)
<b>Net cash used in investing activities</b>	<b>(343,738)</b>	<b>(353,419)</b>
<b>Cash flows from financing activities :</b>		
Net increase (decrease) in short-term loans	(49,857)	1,271
Net increase (decrease) in commercial paper	13,000	56,000
Proceeds from long-term loans	179,443	246,411
Payments of long-term loans	(271,826)	(243,628)
Proceeds from issuance of bonds and notes	20,000	40,000
Redemption of bonds and notes	(50,000)	(140,000)
Payments for purchase of treasury stock	(44,315)	(96)
Cash dividends	(13,554)	(66,293)
Cash dividends to non-controlling shareholders	(4,720)	(6,565)
Proceeds from issuance of common stock to non-controlling shareholders	2,696	-
Other	84,080	23,709
<b>Net cash used in financing activities</b>	<b>(135,054)</b>	<b>(89,190)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(655)</b>	<b>196</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,839</b>	<b>16,433</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>85,203</b>	<b>91,391</b>
<b>Increase (decrease) from the change in the number of consolidated companies</b>	<b>1,348</b>	<b>3,953</b>
<b>Cash and cash equivalents at end of year</b>	<b>91,391</b>	<b>111,779</b>

**(5) Notes to the Consolidated Financial Statements**

**(Notes to the Presumption of Going Concerns)**

None

**(Changes in Accounting Principles Accompanying Revisions in Accounting Standards)**

None

**(Segment Information)**

**1) Summary of reportable segment**

Nippon Steel & Sumitomo Metal Corporation is a company engaged in the steelmaking and steel fabrication businesses, and acts as the holding company for its business segment companies, which are engaged in the engineering and construction, chemicals, new materials, and system solutions businesses. Each business segment company shares the management strategy of the Nippon Steel & Sumitomo Metal Corporation Group, while conducting its business activities independently from and in parallel with other Group members. These five business segments are reportable segments.

Reportable segment	Principal businesses
Steelmaking and steel fabrication	Manufacturing and marketing of steel products
Engineering and construction	Manufacturing and marketing of industrial machinery and equipment as well as steel structures, performance of construction work under contract, waste processing and recycling, and supplying electricity, gas, and heat
Chemicals	Manufacturing and marketing of coal-based chemical products, petrochemicals, and electronic materials
New materials	Manufacturing and marketing of materials for semiconductors and electronic parts, components, carbon fiber and composite products, and products that apply technologies for metal processing
System solutions	Computer systems engineering and consulting services; IT-enabled outsourcing and other services

## 2) Information on the amounts of sales, profit, assets, liabilities, and other items for reportable segments

### Fiscal 2016 (April 1, 2016—March 31, 2017)

(Millions of yen)

	Reportable segment					Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales								
Sales to external customers	4,016,670	234,861	168,596	34,519	178,242	4,632,890	-	4,632,890
Inter-segment sales or transfers	35,590	32,683	5,630	-	54,270	128,175	(128,175)	-
<b>Total</b>	<b>4,052,261</b>	<b>267,545</b>	<b>174,227</b>	<b>34,519</b>	<b>232,512</b>	<b>4,761,065</b>	<b>(128,175)</b>	<b>4,632,890</b>
Segment profit <Ordinary Profit>	138,017	6,838	4,518	1,786	22,113	173,274	1,256	174,531
Segment assets	6,716,970	248,628	146,406	30,584	200,252	7,342,843	(80,919)	7,261,923
Segment liabilities <Interest-bearing debt>	2,092,610	6,066	7,400	8,790	1,177	2,116,045	(12,000)	2,104,045
Other items								
Depreciation and amortization	294,008	2,653	6,110	2,116	4,174	309,064	(4,313)	304,751
Amortization of goodwill	2,518	1,257	-	-	240	4,015	-	4,015
Interest income	5,566	124	19	16	133	5,860	(206)	5,654
Interest expenses	17,831	118	98	135	28	18,212	(206)	18,006
Equity in profit (loss) of unconsolidated subsidiaries and affiliates	70,723	655	920	-	21	72,320	6,859	79,180
Balance of investments in equity method companies	931,342	4,056	19,749	-	32	955,181	76,571	1,031,752
Increase (decrease) in tangible/intangible assets	335,733	5,637	7,005	2,224	4,343	354,943	(3,905)	351,038

### Information of net sales about geographical area

(Millions of yen)

Japan	Overseas			Total
		Asia	Other	
2,955,981	1,676,909	1,042,224	634,684	4,632,890

Note: Sales information is based on the geographical location of customers, and it is classified by region.

**Fiscal 2017 (April 1, 2017—March 31, 2018)**

(Millions of yen)

	Reportable segment					Total	Adjustments	Consolidated
	Steelmaking and steel fabrication	Engineering and construction	Chemicals	New materials	System solutions			
Net sales								
Sales to external customers	4,983,335	260,908	197,057	37,050	190,310	5,668,663	-	5,668,663
Inter-segment sales or transfers	33,910	33,360	3,709	-	53,889	124,868	(124,868)	-
<b>Total</b>	<b>5,017,245</b>	<b>294,268</b>	<b>200,767</b>	<b>37,050</b>	<b>244,200</b>	<b>5,793,531</b>	<b>(124,868)</b>	<b>5,668,663</b>
Segment profit <Ordinary Profit>	245,708	9,110	15,480	1,919	23,292	295,510	2,030	297,541
Segment assets	7,003,681	247,696	154,230	30,758	223,601	7,659,967	(67,554)	7,592,413
Segment liabilities <Interest-bearing debt>	2,057,997	8,313	4,520	6,999	3,693	2,081,524	(12,527)	2,068,996
Other items								
Depreciation and amortization	330,393	2,489	5,467	1,861	4,646	344,859	(4,140)	340,719
Amortization of goodwill	3,029	1,279	-	-	465	4,774	-	4,774
Interest income	4,983	180	35	2	146	5,348	(202)	5,146
Interest expenses	20,080	44	42	130	11	20,309	(202)	20,106
Equity in profit (loss) of unconsolidated subsidiaries and affiliates	116,408	378	148	-	(10)	116,925	5,750	122,675
Balance of investments in equity method companies	950,887	4,393	24,843	-	17	980,142	83,614	1,063,757
Increase (decrease) in tangible/intangible assets	390,623	6,301	5,863	2,633	7,638	413,061	(1,130)	411,930

**Information of net sales about geographical area**

(Millions of yen)

Japan	Overseas			Total
		Asia	Other	
3,708,644	1,960,019	1,267,604	692,414	5,668,663

Note: Sales information is based on the geographical location of customers, and it is classified by region.

**(Per Share Information)**

(Yen)

	Fiscal 2016 (April 1, 2016—March 31, 2017)	Fiscal 2017 (April 1, 2017—March 31, 2018)
Net assets per share	3,340.22	<b>3,563.80</b>
Earnings per share	147.97	<b>221.00</b>

Regarding diluted earnings per share, no figures for diluted earnings per share have been disclosed because no latent shares existed.

Notes: Basis for calculations

1. Earnings per share

(Yen)

	Fiscal 2016 (April 1, 2016—March 31, 2017)	Fiscal 2017 (April 1, 2017—March 31, 2018)
Earnings per share		
Profit attributable to owners of parent	130,946 Million	<b>195,061 Million</b>
Value not available to common shares	— Million	— Million
Profit attributable to owners of parent available to common shares	130,946 Million	<b>195,061 Million</b>
Average number of outstanding common shares during the period	884,959,677 Shares	<b>882,629,157 Shares</b>

2. Net assets per share

(Yen)

	End of fiscal 2016 (March 31, 2017)	End of fiscal 2017 (March 31, 2018)
Total net assets	3,291,015 Million	<b>3,515,501 Million</b>
Amounts deducted from total net assets (Portion of non-controlling interests)	342,782 Million (342,782 Million)	<b>370,050 Million (370,050 Million)</b>
Net assets at fiscal year-end available to common shares	2,948,232 Million	<b>3,145,450 Million</b>
Number of common shares at fiscal year-end used in calculating net assets per share	882,647,305 Shares	<b>882,610,487 Shares</b>

**(Major Subsequent Events)**

None