

Results and dividends of Fiscal 2017 (Year ended March 31, 2018)

Overview of Profitability (Consolidated)

	2017FY			1st half ⇒ 2nd half	2016FY	2016FY ⇒ 2017FY	Previous Forecasts (Released on Feb. 1, 2018)
	1st half	2nd half					
Net sales	5,668.6	2,745.0	2,923.5	+ 178.5	4,632.8	+ 1,035.8	5,700.0
Operating profit	182.3	99.9	82.3	- 17.6	114.2	+ 68.1	
Ordinary profit [ROS]	297.5 [5.2%]	157.6 [5.7%]	139.9 [4.8%]	※1 - 17.7 [- 1.0%]	174.5 [3.8%]	※1 + 123.0 [+ 1.5%]	300.0
Extraordinary profit (loss)	※2 (7.6)	(2.9)	(4.7)	- 1.8	7.1	- 14.7	
Profit attributable to owners of parent < Earnings per share (¥) > [ROE]	195.0 < 221.0 > [6.4%]	99.1 < 112.3 > [6.6%]	95.9 < 108.7 > [6.2%]	- 3.2 < -3.7 > [-0.4%]	130.9 < 148.0 > [4.6%]	+ 64.1 < + 73.0 > [+ 1.8%]	180.0 < 204.0 >
Interest-bearing debt	2,068.9				2,104.8	- 35.9	
D/E ratio	0.66				0.71	-0.05	

※1 Analysis in consolidated ordinary profit (Billions of yen)

<Factors Influencing Performance>

(1) Nippon Steel & Sumitomo Metal Corporation

	1st half ⇒2nd half change	2016FY ⇒2017FY change	Change from the previous forecasts	2017FY			2016FY	2016FY ⇒ 2017FY	Previous Forecasts (Released on Feb. 1, 2018)
				1st half	2nd half				
Change in Consolidated Ordinary Profit	- 18.0	+ 123.0	- 3.0						
1. Ferrous materials business	- 12.0	+ 108.0	- 9.0						
① Manufacturing shipment volume	~	- 70.0	- 13.0						
② Selling prices and production mix	+ 36.0	+ 389.0	~						
③ Raw materials prices (including carry-over of raw materials)	+ 4.0	- 366.0	~						
④ Cost improvement	+ 38.0	+ 50.0	~						
⑤ Inventory evaluation impact	- 57.0	+ 102.0	+ 9.0						
⑥ Group companies	- 13.0	+ 69.0	+ 11.0						
⑦ Oita Works' Fire Accident	+ 10.0	-	~						
⑧ Other	- 30.0	- 66.0	- 16.0						
2. Non-ferrous materials business	+ 3.0	+ 14.0	+ 4.0						
3. Adjustments	- 9.0	+ 1.0	+ 2.0						

*1 Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

(2) All Japan

	2017FY			2016FY	2016FY ⇒ 2017FY	Previous Forecasts (Released on Feb. 1, 2018)
	1st half	2nd half				
Crude steel output volume (10,000 tons)	4,682	2,312	2,370	4,517	+ 165	Approx. 4,720
Non-Consolidated crude steel output volume (10,000 tons) *1	4,067	2,009	2,058	4,262	- 195	Approx. 4,100
Steel materials shipment volume (10,000 tons) *1	3,779	1,872	1,907	3,978	- 199	Approx. 3,830
Steel materials price (¥1,000/ton) *1	84.7	83.5	85.8	72.6	+ 12.1	Approx. 85
Exchange rate (¥/\$)	111	111	111	109	+ 2	Approx. 112
Crude steel output volume (10,000 tons)	10,484	5,204	5,280	10,517	- 33	Approx. 10,483
Steel consumption (10,000 tons) *2 (In manufacturing industries)	6,277 (4,004)	3,103 (1,980)	3,173 (2,024)	6,167 (3,929)	+ 110 (+ 75)	6,277 (3,992)
<% of manufacturing>	<63.8%>	<63.8%>	<63.8%>	<63.7%>	<+0.1%>	<63.6%>
Plain carbon steel consumption (10,000 tons)	4,979	2,457	2,523	4,900	+ 79	4,982
In construction	2,183	1,079	1,104	2,157	+ 26	2,195
In manufacturing	2,796	1,377	1,419	2,743	+ 53	2,786
Specialty steel consumption (10,000 tons)	1,297	647	651	1,267	+ 30	1,295
Inventory volume (10,000 tons)	*3 581	570	581	537	+ 44	
Rolled sheets (10,000 tons)	*3 412	415	412	380	+ 32	

*2 The Company estimates *3 Revised report for February 2018

※2 Extraordinary profit (loss)

(Billions of yen)

	2017 FY		
	1st half	2nd half	
Extraordinary profit (loss)	(7.6)	(2.9)	(4.7)
Gain on sales of investment in securities	25.6	-	25.6
Impairment loss	(15.6)	-	(15.6)
Loss on inactive facilities	(11.6)	(2.9)	(8.6)
Restructuring loss	(6.1)	-	(6.1)

(Reference) Segment Information

	2017FY			1st half ⇒ 2nd half	2016FY	2016FY ⇒ 2017FY	Previous Forecasts (Released on Feb. 1, 2018)
	1st half	2nd half					
Net sales	5,668.6	2,745.0	2,923.5	+ 178.5	4,632.8	+ 1,035.8	5,700.0
Steelmaking and steel fabrication	5,017.2	2,438.0	2,579.2	+ 141.2	4,052.2	+ 965.0	5,060.0
Engineering and construction	294.2	134.1	160.1	+ 26.0	267.5	+ 26.7	290.0
Chemicals	200.7	98.3	102.3	+ 4.0	174.2	+ 26.5	200.0
New materials	37.0	17.9	19.1	+ 1.2	34.5	+ 2.5	38.0
System solutions	244.2	116.5	127.6	+ 11.1	232.5	+ 11.7	242.0
Adjustments	(124.8)	(59.8)	(64.9)	- 5.1	(128.1)	+ 3.3	(130.0)
Ordinary profit	297.5	157.6	139.9	- 17.7	174.5	+ 123.0	300.0
Steelmaking and steel fabrication	245.7	128.7	116.9	- 11.8	138.0	+ 107.7	255.0
Engineering and construction	9.1	1.9	7.1	+ 5.2	6.8	+ 2.3	6.0
Chemicals	15.4	9.3	6.1	- 3.2	4.5	+ 10.9	14.0
New materials	1.9	1.1	0.7	- 0.4	1.7	+ 0.2	2.0
System solutions	23.2	10.7	12.5	+ 1.8	22.1	+ 1.1	23.0
Adjustments	2.0	5.6	(3.6)	- 9.2	1.2	+ 0.8	-

【Dividends】

Based on the Company's increase of profit compared to the previous earnings forecasts announced on February 1, 2018, the Company plans to request the approval of the General Meeting of Shareholders to increase the planned dividend by ¥10 and also distribute a year-end dividend payment of ¥40 per share in accordance with the basic profit distribution policy described previously announced. This would bring the full-year dividend distribution amount to ¥70 per share, representing a consolidated payout ratio of 31.7% for fiscal 2017.

【Outlook for Operations in Fiscal 2018】

The company 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.

Nippon Steel & Sumitomo Metal Corporation

Code Number: 5401

Listings: Tokyo, Nagoya, Sapporo and Fukuoka Stock Exchanges

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Supplementary Information on the Financial Results for Fiscal 2017

Japanese Steel Industry

1. Crude Steel Production

	(million tons)						total
	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	
2016FY	26.21	26.33	52.54	26.39	26.23	52.62	105.17
2017FY	26.09	25.94	52.04	26.39	26.40	52.80	104.84

2. Inventory Volume

At the end of:	Inventory at manufacturers and distributors (million tons)	Inventory /shipment ratio (%)	Rolled sheets *1 (million tons)	H-flange beams *2 (million tons)
Mar. 2016	5.50	(135.5)	4.11	0.203
Apr. 2016	5.57	(164.2)	4.08	0.196
May 2016	5.70	(160.8)	4.18	0.198
June 2016	5.56	(146.6)	4.03	0.197
July 2016	5.39	(141.8)	3.91	0.191
Aug. 2016	5.67	(164.7)	4.05	0.187
Sep. 2016	5.61	(149.4)	3.97	0.180
Oct. 2016	5.61	(140.4)	3.96	0.177
Nov. 2016	5.43	(135.3)	3.83	0.173
Dec. 2016	5.48	(146.8)	3.81	0.177
Jan. 2017	5.60	(148.6)	3.89	0.186
Feb. 2017	5.64	(151.9)	3.88	0.200
Mar. 2017	5.37	(125.4)	3.80	0.201
Apr. 2017	5.54	(151.7)	3.88	0.197
May 2017	5.78	(156.1)	4.08	0.197
June 2017	5.56	(140.1)	4.01	0.193
July 2017	5.42	(142.2)	3.95	0.189
Aug. 2017	5.66	(158.3)	4.14	0.179
Sep. 2017	5.70	(145.5)	4.15	0.182
Oct. 2017	5.83	(150.1)	4.11	0.176
Nov. 2017	5.66	(139.2)	4.00	0.173
Dec. 2017	5.66	(149.2)	4.04	0.175
Jan. 2018	5.86	(157.5)	4.15	0.185
Feb. 2018	5.81	(154.4)	4.12	0.196

*1 Hot-rolled, cold-rolled and coated sheets

*2 Inventories of distributors dealing with H-flange beams manufactured by Nippon Steel & Sumitomo Metal Corporation

NSSMC**3. Pig Iron Production**

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2016FY	10.49	10.76	21.26	10.66	10.24	20.89	42.15
2017FY	9.92	10.13	20.05	10.08	10.49	20.57	40.61

*Including Hokkai Iron & Coke Co., Ltd. and Nippon Steel & Sumikin Koutetsu Wakayama Corporation

4. Crude Steel Production

(Consolidated basis (The Company and its domestic consolidated subsidiaries))

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2016FY (*1)	11.16	11.53	22.70	11.52	10.95	22.47	45.17
2017FY (*2)	11.44	11.69	23.12	11.68	12.02	23.70	46.82

*1 Not Including Nisshin Steel Co., Ltd.

*2 Including Nisshin Steel Co., Ltd.

(Non-consolidated basis)

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2016FY	10.58	10.93	21.51	10.84	10.28	21.11	42.62
2017FY	9.90	10.19	20.09	10.08	10.50	20.58	40.67

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

5. Steel Products Shipment

(million tons)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2016FY	9.60	10.09	19.68	10.29	9.81	20.09	39.78
2017FY	9.34	9.39	18.72	9.39	9.67	19.07	37.79

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

6. Average Price of Steel Products

(thousands of yen / ton)

			1st half			2nd half	total
	1st quarter	2nd quarter		3rd quarter	4th quarter		
2016FY	68.1	67.9	68.0	70.9	83.6	77.1	72.6
2017FY	84.0	83.0	83.5	86.0	85.7	85.8	84.7

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

7. Export Ratio of Steel Products (Value basis)

(%)

	1st half		2nd half			total
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	
2016FY	43	43	42	41	42	42
2017FY	42	41	41	41	41	41

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

8. Foreign Exchange Rate

(¥/\$)

	1st half		2nd half			total
	1st quarter	2nd quarter	3rd quarter	4th quarter	2nd half	
2016FY	111	103	106	114	110	109
2017FY	111	111	113	110	111	111

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
2016FY	351.0	304.7
2017FY	411.9	340.7