May 10, 2013
Nippon Steel & Sumitomo Metal Corporation

# Results of Fiscal 2012 (Year ended March 31, 2013)

## Overview of Profitability (Consolidated)

Upper case: closing value
(Lower case); simple adding up of Nippon Steel Corporation and Sumitomo Metal Industries.

(Billions of yen)

| | 2012FY | 1st half | 2nd half | 1st half ⇒ 2nd half | Previous Forecasts (Released on Feb. 14, 2013) | Change from the previous Forecasts |
|---|---|---|---|---|---|---|
| Net sales | 4,389.9 | 1,918.2 | 2,471.6 | + 553.3 | 4,300.0 | + 89.9 |
| (Simple sum) | (5,083.5) | (2,611.8) | | (− 140.2) | (5,000.0) | |
| Ordinary profit | 76.9 | 19.5 | 57.3 | + 37.8 | 60.0 | ※1 + 16.9 |
| (Simple sum) | (87.7) | (30.3) | | (+ 27.0) ※1 | (70.0) | |
| Special profit (loss) | (213.9) ※2 | (257.9) | 44.0 | + 301.9 | | |
| Net income (loss) | (124.5) | (176.6) | 52.0 | + 228.7 | (140.0) | + 15.5 |
| Net income (loss) per share (¥) | | ( 28.1) | 5.7 | + 33.8 | | |
| Interest-bearing debt | 2,543.0 | | | | | |
| D/E ratio | 1.06 | | | | | |

＜Factors Influencing Performance＞

(1) Nippon Steel & Sumitomo Metal Corporation

| | 2012FY | 1st half | 2nd half | 1st half ⇒ 2nd half | Previous Forecasts (Released on Feb. 14, 2013) |
|---|---|---|---|---|---|
| Consolidated crude steel output volume (10,000 tons) | 4,603 | 2,334 | 2,269 | − 64 | 4,590 |
| (Non-consolidated) | (4,355) | (2,210) | (2,145) | (− 66) | (4,350) |
| Steel materials shipment volume (10,000 tons) | 4,097 | 2,061 | 2,037 | − 24 | 4,090 |
| Steel materials price (¥1,000/ton) | 80 | 82 | 78 | − 5 | 80 |
| Exchange rate (¥/$) | 82 | 80 | 85 | + 5 | 82 |

(2) All Japan

| | | | | |
|---|---|---|---|---|
| Crude steel output volume (10,000 tons) | 10,730 | 5,476 | 5,254 | − 222 |
| Steel consumption (10,000 tons) | 6,125 | 3,058 | 3,067 | + 9 |
| (In manufacturing industries) | (3,958) | (2,024) | (1,933) | (− 91) |
| <(% of manufacturing)> | <65%> | <66%> | <63%> | <−3%> |
| Plain carbon steel consumption (10,000 tons) | 4,881 | 2,433 | 2,449 | + 16 |
| In construction | 2,049 | 976 | 1,073 | + 97 |
| In manufacturing | 2,832 | 1,457 | 1,376 | − 81 |
| Speciality steel consumption (10,000 tons) | 1,243 | 626 | 618 | − 8 |
| Import Volume (10,000 tons) | 592 | 295 | 296 | + 1 |
| Export Volume (10,000 tons) | 3,960 | 1,992 | 1,968 | − 24 |

(Reference) Segment Information

(Billions of yen)

| | 2012FY | 1st half | 2nd half | 1st half ⇒ 2nd half | Previous Forecasts (Released on Feb. 14, 2013) |
|---|---|---|---|---|---|
| **Net sales** | **4,389.9** | **1,918.2** | **2,471.6** | **+ 553.3** | **4,300.0** |
| **(Simple sum)** | **(5,083.5)** | **(2,611.8)** | | **(−140.2)** | **(5,000.0)** |
| Steelmaking and steel fabrication | 3,790.4 | 1,625.6 | 2,164.7 | + 539.1 | 3,700.0 |
| (Simple sum) | (4,484.0) | (2,319.2) | | (−154.5) | (4,400.0) |
| Engineering and construction | 303.0 | 139.4 | 163.5 | + 24.0 | 300.0 |
| Chemicals | 195.7 | 93.3 | 102.3 | + 8.9 | 185.0 |
| New materials | 42.2 | 22.0 | 20.1 | − 1.9 | 40.0 |
| System solutions | 171.9 | 81.7 | 90.2 | + 8.5 | 170.0 |
| Adjustments | (113.4) | (44.0) | (69.4) | − 25.4 | (95.0) |
| **Operating profit(loss)** | **76.9** | **19.5** | **57.3** | **+ 37.8** | **60.0** |
| **(Simple sum)** | **(87.7)** | **(30.3)** | | **(+ 27.0)** | **(70.0)** |
| Steelmaking and steel fabrication | 41.5 | 5.4 | 36.0 | + 30.6 | 25.0 |
| (Simple sum) | (50.9) | (14.8) | | (+ 21.2) | (35.0) |
| Engineering and construction | 18.1 | 7.8 | 10.2 | + 2.4 | 16.5 |
| Chemicals | 9.7 | 3.5 | 6.1 | + 2.6 | 8.0 |
| New materials | 0.9 | 0.4 | 0.5 | + 0.1 | 0.5 |
| System solutions | 11.6 | 5.7 | 5.9 | + 0.2 | 12.5 |
| Adjustments | (5.2) | (3.5) | (1.6) | + 1.9 | (2.5) |
| (Simple sum) | (3.7) | (2.1) | | (+ 0.5) | (2.5) |

※1Analysis of 1st half −O− 2nd half change in consolidated ordinary profit

| | 1st half −O− 2nd half change | Change from the previous forecasts |
|---|---|---|
| **Change in Consolidated Ordinary Profit** | **+ 27.0** | **+ 17.0** |
| **1. Ferrous materials business** | **+ 21.0** | **+ 16.0** |
| ①Manufacturing shipment volume down 0.24 million tons (20.61 million tons to 20.37million tons) | − 7.0 | + 3.0 |
| ②Selling prices and composition of sales | − 130.0 | ～ |
| ③Raw materials prices (including carry-over of raw materials) | + 100.0 | ～ |
| ④Cost improvement(including effects of business integration) | + 42.0 | + 2.0 |
| ⑤Inventory valuation change | + 25.0 | ～ |
| ⑥Group companies | − 11.0 | + 4.0 |
| ⑦Other | + 2.0 | + 7.0 |
| **2. Non-ferrous materials business** | **+ 5.0** | **+ 3.0** |
| **3. Adjustments** | **+ 1.0** | **− 2.0** |

※2 Special profit and loss

(Billions of yen)

| | Fiscal 2012 | 1st half | 2nd half |
|---|---|---|---|
| Consolidated | (213.9) | (257.9) | 44.0 |
| Special profit | 5.0 | − | 5.0 |
| Restructuring profit | 5.0 | − | 5.0 |
| Special loss | (218.9) | (257.9) | 39.0 |
| Impairment loss | (132.8) | (139.2) | 6.4 |
| Loss on valuation of investments securities | − | (24.6) | 24.6 |
| Loss on sales of investments in securities | (75.3) | (94.0) | 18.7 |
| Loss on liquidation of business | (10.8) | − | (10.8) |

# Forecasts of Consolidated Financial Results for Fiscal 2013

## Dividends

Although the Company anticipates posting a consolidated net loss for the full fiscal 2012 due to the booking of an impairment loss and other factors, upon consideration of the performance results in the second half of fiscal 2012 after the business integration ( ¥ 52 billion in consolidated net income ) and the future outlook for business conditions, the Company plans to seek the approval of the General Meeting of Shareholders to distribute a year-end dividend payment of ¥ 1.0 per share (consolidated payout ratio for the second half of 17.4 %) in fiscal 2013.

## Fiscal 2013 Forecast

As of this moment , NSSMC is unable to forecast reasonably accurate earnings estimates for fiscal 2013 results due to several factors, including the fact that the Company is still negotiating prices for primary raw materials and steel material products. However, the Company will disclose fiscal 2013 earnings forecasts when reasonable estimates become possible.

## (Reference) Business Consolidation/Strengthening of the Management Base

### ■Already Running Projects

**Business Consolidation**

| Project | Time |
|---|---|
| (Nippon Steel Kowa Real Estate Co., Ltd.,)<br>Business Integration between Nippon Steel City Produce, Inc. and Kowa Real Estate Co., Ltd. | Oct. 2012 |
| (NIPPON STEEL & SUMIKIN PIPELINE & ENGINEERING CO. LTD.)<br>Business Integration between Nippon Steel Pipeline and Sumitomo Metal Pipeline and Piping | Oct. 2012 |
| (NIPPON STEEL & SUMIKIN Bolten CORPORATION)<br>Nippon Steel & Sumikin Precision Forge and NS BOLTEN to Integrate their High-tension Bolt Businesses | Jan. 2013 |
| (NIPPON STEEL & SUMIKIN Steel Processing (Thailand) Company Limited)<br>Integration of Bar & Wire Processing Companies in Thailand | Jan. 2013 |
| (NIPPON STEEL & SUMIKIN LOGISTICS CO., LTD.)<br>Nippon Steel Logistics Co., Ltd. and Sumitomo Metal Logistics Service Co., Ltd. Integrate and Reorganize Their Businesses | Apr. 2013 |
| (NIPPON STEEL & SUMIKIN TECHNOLOGY Co., Ltd.)<br>Business Integration between NIPPON STEEL TECHNORESEARCH CORPORATION and Sumitomo Metal Tchnoloby, Inc. | Apr. 2013 |
| (Nittetsu Sumikin Shinko Shearing Co., Ltd.)<br>The Merger between Nittetsu Shinko Shearing and Shearing Kozyo | Apr. 2013 |

**Investment on Projects**

| Project | Time |
|---|---|
| Nippon Steel & Sumitomo Metal Acquire WSP Houston's Production Facilities in the U.S. | Nov. 2012 |
| Joint Venture Starts up in ASEAN and U.S. with BlueScope Steel, Australia | Mar.2013 |

### ■Other Previously Announced Projects

**Business Consolidation**

| Project | Time |
|---|---|
| Announcement regarding NSSMC Making Sumitomo Pipe & Tube Co., Ltd. its Wholly-Owned Subsidiary, and regarding the Basic Agreement Concerning the Merger of Sumitomo Pipe & Tube Co., Ltd. and Nittetsu Steel Pipe Co., Ltd. | Apr. 2013 |
| Announcement about Execution of Merger Agreement Concerning Business Integration (Merger) Between Sumikin Bussan Corporation and Nippon Steel Trading Co., Ltd. | Apr. 2013 |
| Basic Agreement on the Merger of Taihei Kogyo Co., Ltd. and Nittetsu Elex Co., Ltd. | May. 2013 |

**Investment on Projects**

| Project | Time |
|---|---|
| Development of the Automotive Steel Pipe/Tube Business in Mexico | Aug. 2012 |
| Study on the Possible Establishment of a Joint Venture to Manufacture and Sell Automotive Flat Steel Products in Indonesia | Dec. 2012 |
| Study on the Possible Establishment of a Joint Venture to Manufacture and Sell Middle / Small Steel Shapes and Steel Rod Bars in Indonesia by Osaka Steel CO., LTD. and PT KRAKATAU STEEL | Dec. 2012 |

Nippon Steel & Sumitomo Metal Corporation
Code Number: 5401
Listings: Tokyo, Osaka, Nagoya, Sapporo and Fukuoka Stock Exchanges
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# Supplementary Information on the Financial Result for the Fiscal 2012

## Japanese Steel Industry

1. Crude Steel Production

(million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| 2011FY | 26.37 | 26.95 | 53.32 | 26.58 | 26.57 | 53.15 | 106.46 |
| 2012FY | 27.50 | 27.26 | 54.76 | 25.91 | 26.63 | 52.54 | 107.30 |

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) |
|---|---|---|---|---|---|
| Apr. | 2011 | 5.38 | (152.1) | 4.04 | 0.188 |
| May | 2011 | 5.66 | (155.7) | 4.20 | 0.206 |
| June | 2011 | 5.60 | (141.9) | 4.21 | 0.215 |
| July | 2011 | 5.43 | (139.6) | 4.18 | 0.206 |
| Aug. | 2011 | 5.62 | (152.1) | 4.35 | 0.193 |
| Sep. | 2011 | 5.64 | (141.7) | 4.38 | 0.181 |
| Oct. | 2011 | 5.57 | (132.4) | 4.35 | 0.179 |
| Nov. | 2011 | 5.55 | (137.3) | 4.25 | 0.173 |
| Dec. | 2011 | 5.58 | (146.7) | 4.32 | 0.174 |
| Jan. | 2012 | 5.62 | (147.4) | 4.28 | 0.175 |
| Feb. | 2012 | 5.55 | (139.1) | 4.15 | 0.188 |
| Mar. | 2012 | 5.51 | (126.1) | 4.11 | 0.203 |
| Apr. | 2012 | 5.52 | (149.7) | 4.04 | 0.203 |
| May | 2012 | 5.53 | (141.6) | 4.07 | 0.195 |
| June | 2012 | 5.46 | (138.4) | 3.96 | 0.196 |
| July | 2012 | 5.41 | (135.7) | 3.92 | 0.189 |
| Aug. | 2012 | 5.57 | (151.9) | 4.09 | 0.180 |
| Sep. | 2012 | 5.68 | (147.0) | 4.16 | 0.179 |
| Oct. | 2012 | 5.54 | (139.0) | 4.07 | 0.184 |
| Nov. | 2012 | 5.43 | (142.0) | 3.94 | 0.183 |
| Dec. | 2012 | 5.46 | (152.0) | 3.92 | 0.179 |
| Jan. | 2013 | 5.49 | (146.0) | 3.98 | 0.177 |
| Feb. | 2013 | 5.41 | (146.4) | 3.84 | 0.187 |
| Mar.*3 | 2013 | 5.45 | (127.5) | 3.86 | 0.197 |

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

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

*3 Preliminary report

3. Pig Iron Production

(Non-consolidated basis)

2011FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 7.76 | 8.03 | 15.79 | 7.57 | 7.41 | 14.98 | 30.77 |
| Sumitomo Metal | 2.73 | 3.27 | 6.01 | 3.27 | 3.29 | 6.56 | 12.56 |

2012FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 7.78 | 8.01 | 15.79 | | | | |
| Sumitomo Metal | 3.02 | 3.32 | 6.34 | | | | |
| NSSMC | (10.80) | (11.33) | (22.13) | 10.62 | 11.14 | 21.76 | 43.90 |

* Nippon Steel includes Hokkai Iron & Coke Co., Ltd. Sumitomo Metal Industries includes Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation). NSSMC includes Hokkai Iron & Coke Co., Ltd. and Nippon Steel & Sumikin Koutetsu Wakayama Corporation.

* At the first half of fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

4. Crude Steel Production

(Consolidated basis)

2011FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 8.30 | 8.31 | 16.61 | 7.85 | 7.98 | 15.83 | 32.44 |
| Sumitomo Metal | 2.81 | 3.39 | 6.20 | 3.31 | 3.42 | 6.73 | 12.93 |

2012FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 8.29 | 8.51 | 16.81 | | | | |
| Sumitomo Metal | 3.10 | 3.43 | 6.53 | | | | |
| NSSMC | (11.39) | (11.95) | (23.34) | 11.01 | 11.69 | 22.69 | 46.03 |

* At the first half of fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

(Non-consolidated basis)

2011FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 7.75 | 7.78 | 15.53 | 7.29 | 7.39 | 14.67 | 30.20 |
| Sumitomo Metal | 2.77 | 3.34 | 6.11 | 3.25 | 3.36 | 6.61 | 12.72 |

2012FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 7.70 | 7.95 | 15.66 | | | | |
| Sumitomo Metal | 3.07 | 3.38 | 6.44 | | | | |
| NSSMC | (10.77) | (11.33) | (22.10) | 10.40 | 11.05 | 21.45 | 43.55 |

* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

* At the first half of fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

## 5. Steel Products Shipment

2011FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 7.40 | 7.28 | 14.68 | 7.20 | 7.21 | 14.41 | 29.09 |
| Sumitomo Metal | 2.24 | 2.88 | 5.12 | 2.99 | 3.14 | 6.12 | 11.24 |

2012FY (million tons)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 7.46 | 7.50 | 14.97 | | | | |
| Sumitomo Metal | 2.78 | 2.86 | 5.64 | | | | |
| NSSMC | (10.24) | (10.36) | (20.61) | 9.60 | 10.77 | 20.37 | 40.97 |

* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

* At the first half of fiscal 2012 of NSSMC, it is simple adding up of Nippon Steel and Sumitomo Metal Industries.

## 6. Average Price of Steel Products

2011FY (thousands of yen / ton)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 85.8 | 89.8 | 87.8 | 87.6 | 81.5 | 84.5 | 86.2 |
| Sumitomo Metal | 104.5 | 107.3 | 106.0 | 103.1 | 99.8 | 101.4 | 103.5 |

2012FY (thousands of yen / ton)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 80.0 | 75.6 | 77.8 | | | | |
| Sumitomo Metal | 94.7 | 94.4 | 94.5 | | | | |
| NSSMC | (84.0) | (80.8) | (82.4) | 78.1 | 77.4 | 77.7 | 80.1 |

* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

* At the first half of fiscal 2012 of NSSMC, it is weighted average of Nippon Steel and Sumitomo Metal Industries.

7. Export Ratio of Steel Products (Value basis)

2011FY (%)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 42 | 40 | 41 | 37 | 38 | 37 | 39 |
| Sumitomo Metal | 49 | 42 | 45 | 40 | 43 | 42 | 43 |

2012FY (%)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| Nippon Steel | 42 | 42 | 42 | | | | |
| Sumitomo Metal | 46 | 45 | 46 | | | | |
| NSSMC | (43) | (43) | (43) | 43 | 47 | 45 | 44 |

* Sumitomo Metal Industries and NSSMC include Nippon Steel & Sumikin Koutetsu Wakayama Corporation (formerly Sumikin Iron & Steel Corporation).

* At the first half of fiscal 2012 of NSSMC, it is weighted average of Nippon Steel and Sumitomo Metal Industries.

8. Foreign Exchange Rate

(¥／$)

| | 1st quarter | 2nd quarter | 1st half | 3rd quarter | 4th quarter | 2nd half | total |
|---|---|---|---|---|---|---|---|
| 2011FY | 82 | 78 | 80 | 78 | 78 | 78 | 79 |
| 2012FY | 81 | 79 | 80 | 80 | 90 | 85 | 82 |

9. Amount of Capital Expenditure and Depreciation

(billion yen)

| | | | Capital Expenditure | Depreciation |
|---|---|---|---|---|
| 2011FY | Nippon Steel | Consolidated | 265.0 | 280.9 |
| | Sumitomo Metal | Consolidated | 115.7 | 122.9 |
| 2012FY | NSSMC | Consolidated | 420.0 | 338.5 |

* At the first half of fiscal 2012, it is simple adding up of Nippon Steel and Sumitomo Metal Industries. At the latter half of fiscal 2012, it is expected numbers of NSSMC.