Results and dividends of Fiscal 2016 (Year ended March 31, 2017)

Overview of Profitability (Consolidated)

(Billions of yen)

	2016FY	1st half	2nd half	1st half ⇒ 2nd half	2015FY	2015FY ⇒ 2016FY	Previous Forecasts (Released on Feb 2, 2017)
Net sales	**4,632.8**	**2,160.7**	**2,472.0**	**+ 311.3**	**4,907.4**	**- 274.6**	**4,550.0**
Operating profit	**114.2**	**17.8**	**96.3**	**+ 78.5**	**167.7**	**- 53.5**	
Non-Consolidated	**(29.1)**				**56.2**	**- 85.3**	
Ordinary profit	**174.5**	**28.0**	**146.5**	**※1 + 118.5**	**200.9**	**※1 - 26.4**	**130.0**
[ROS]	**[3.8%]**	**[1.3%]**	**[5.9%]**	**[+4.6%]**	**[4.1%]**	**[- 0.3%]**	
Non-Consolidated	**48.1**				**87.9**	**- 39.8**	
Extraordinary profit (loss)	**※2 7.1**	**(9.1)**	**16.2**	**+ 25.3**	**29.8**	**- 22.7**	
Profit attributable to owners of parent	**130.9**	**11.0**	**119.9**	**+ 108.9**	**145.4**	**- 14.5**	**80.0**
＜Earnings per share (¥)＞*1	**‹ 148.0 ›**	**‹ 12.4 ›**	**‹ 135.9 ›**	**‹ +123.5 ›**	**‹ 158.7 ›**	**‹ - 10.7 ›**	**‹ 90.0 ›**
[ROE]	**[4.6%]**	**[0.8%]**	**[8.6%]**	**[+7.8%]**	**[5.1%]**	**[- 0.5%]**	
Interest-bearing debt	**2,104.8**				**2,008.2**	***2 + 96.5**	
D/E ratio	0.71				0.72	-0.01	

*1 The Company carried out the share consolidation at the ratio of 10 shares to 1 share effective October 1, 2015. In accordance with it, earnings per share are calculated based on the assumption that the share consolidation had been carried out at the beginning of the previous fiscal year.
*2 The effect of acquisition of Nisshin Steel Co., Ltd. and others : Increasing interest-bearing debt by ¥ 261.8 billions.

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

	1st half ⇒2nd half change	2015FY ⇒2016FY change	Change from the previous forecasts
Change in Consolidated Ordinary Profit	**+ 119.0**	**- 26.0**	**+ 45.0**
1. Ferrous materials business	**+ 110.0**	**- 22.0**	**+ 38.0**
①Manufacturing shipment volume	+ 12.0	+ 12.0	+ 6.0
②Selling prices and production mix	+ 145.0	- 48.0	
③Raw materials prices (including carry-over of raw materials)	- 188.0	- 57.0	+ 11.0
④Cost improvement	+ 12.0	+ 60.0	～
⑤Inventory evaluation impact	+ 79.0	+ 25.0	- 2.0
⑥Group companies	+ 36.0	+ 72.0	+ 15.0
⑦FOREX	+ 27.0	- 39.0	～
⑧Oita Works' Fire Accident	- 10.0	- 10.0	～
⑨Other	- 3.0	- 37.0	+ 8.0
2. Non-ferrous materials business	**+ 9.0**	**～**	**+ 4.0**
3. Adjustments	**～**	**- 4.0**	**+ 3.0**

※2 Extraordinary profit (loss) (Billions of yen)

	2016 FY	1st half	2nd half
Extraordinary profit (loss)	7.1	(9.1)	16.2
Gain on sales of shares of subsidiaries and associates	24.1	-	24.1
Gain on step acquisitions	10.0	-	10.0
Loss on inactive facilities	(12.7)	(2.7)	(10.0)
Loss on disaster	(7.8)	-	(7.8)
Restructuring loss	(6.4)	(6.4)	-

＜Factors Influencing Performance＞

(1) Nippon Steel & Sumitomo Metal Corporation

	2016FY	1st half	2nd half	2015FY	2015FY ⇒ 2016FY	Previous Forecasts (Released on Feb. 2, 2017)
Consolidated crude steel output volume (10,000 tons)	4,517	2,270	2,247	4,453	+ 65	Approx. 4,530
Non-Consolidated crude steel output volume (10,000 tons) *1	4,262	2,151	2,111	4,217	+ 45	Approx. 4,280
Steel materials shipment volume (10,000 tons) *1	3,978	1,968	2,009	3,962	+ 16	Approx. 3,960
Steel materials price (¥1,000/ton) *1	72.6	68.0	77.1	77.1	− 4.5	Approx. 73
Exchange rate (¥/$)	109	107	110	121	− 12	Approx. 109

*1 Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

(2) All Japan

Crude steel output volume (10,000 tons)	10,516	5,255	5,261	10,423	+ 93	Approx. 10,523
Steel consumption (10,000 tons) *2	6,161	3,024	3,137	6,088	+ 73	6,161
(In manufacturing industries)	(3,871)	(1,909)	(1,962)	(3,892)	(−21)	(3,865)
<% of manufacturing>	<62.8%>	<63.1%>	<62.5%>	<63.9%>	<-1.1%>	<62.7%>
Plain carbon steel consumption (10,000 tons)	4,888	2,391	2,497	4,843	+ 45	4,888
In construction	2,181	1,058	1,123	2,115	+ 66	2,187
In manufacturing	2,707	1,332	1,374	2,728	− 21	2,701
Specialty steel consumption (10,000 tons)	1,273	633	640	1,245	+ 28	1,273
Inventory volume(10,000 tons)	*3 567	561	567	550	+ 17	
Rolled sheets(10,000 tons)	*3 388	397	388	411	− 22	

*2 The Company estimates *3 Revised report for February 2017

(Reference) Segment Information

(Billions of yen)

	2016FY	1st half	2nd half	1st half ⇒ 2nd half	2015FY	2015FY ⇒ 2016FY	Previous Forecasts (Released on Feb. 2, 2017)
Net sales	**4,632.8**	**2,160.7**	**2,472.0**	**+ 311.3**	**4,907.4**	**- 274.6**	**4,550.0**
Steelmaking and steel fabrication	4,052.2	1,900.8	2,151.3	+ 250.5	4,283.9	- 231.7	4,000.0
Engineering and construction	267.5	116.5	151.0	+ 34.5	315.7	- 48.2	270.0
Chemicals	174.2	81.2	92.9	+ 11.7	181.8	- 7.6	165.0
New materials	34.5	17.1	17.3	+ 0.2	36.2	- 1.7	35.0
System solutions	232.5	106.0	126.4	+ 20.4	218.9	+ 13.6	223.0
Adjustments	(128.1)	(61.1)	(67.0)	- 5.9	(129.2)	+ 1.1	(143.0)
Ordinary profit	**174.5**	**28.0**	**146.5**	**+ 118.5**	**200.9**	**- 26.4**	**130.0**
Steelmaking and steel fabrication	138.0	14.0	123.9	+ 109.9	160.0	- 22.0	100.0
Engineering and construction	6.8	1.5	5.2	+ 3.7	12.1	- 5.3	5.0
Chemicals	4.5	0.8	3.7	+ 2.9	1.0	+ 3.5	4.0
New materials	1.7	0.7	1.0	+ 0.3	3.0	- 1.3	1.5
System solutions	22.1	10.3	11.7	+ 1.4	19.4	+ 2.7	21.0
Adjustments	1.2	0.4	0.7	+ 0.3	5.0	- 3.8	(1.5)

【Dividends】
Based on the Company's favorable performance since the announcement of the previous earnings forecasts and results for the third quarter on February 2, 2017, the Company plans to request the approval of the General Meeting of Shareholders to increase the planned dividend by ¥20 and also distribute a year-end dividend payment of ¥45 per share in accordance with the basic profit distribution policy described previously. This would bring the full-year dividend distribution amount to ¥45 per share, representing a consolidated payout ratio of 30.4% for fiscal 2016.

Forecasts of Consolidated Financial Results for Fiscal 2017

Fiscal 2017 Forecast

The Company is unable at this time to establish reasonably accurate earnings estimates for fiscal 2017 due to several factors, including the uncertainty of price trends for primary raw materials and steel products. The Company will disclose fiscal 2017 earnings forecasts when reasonable estimates become possible.

(Reference) Previously Announced Projects

Establishment, Business Consolidation and Reorganization

■ Already Running Projects

Time	Projects
June 2016	(Conversion of Mandatory Convertible Bonds of Vallourec (France), subscribed by NSSMC, to Ordinary Shares) The issuance of the new shares under the rights issue and of the mandatory convertible bonds was completed in May 2016.The mandatory convertible bonds were converted to ordinary shares on June 2016.
July 2016	(Issuance of Subscription Rights of Usiminas) Underwriting allotment of preemptive subscription rights for ordinary shares
July 2016	(Establishment of Nippon Steel & Sumikin Precision Machining Co., Ltd.) Merger between Nippon Steel & Sumikin Fine Technology Co., Ltd. and Nippon Tubular Products Co., Ltd.
Sep. 2016	(Integration of Steel Sheet Business Companies in Thailand) Integration between The Siam United Steel (1995) Co., Ltd.("SUS") and Nippon Steel & Sumikin Galvanizing (Thailand) Co., Ltd.("NSGT")
Oct. 2016	(NSSMC and Vallourec, merged the Pipe and Tube Business in Brazil.) Vallourec & Sumitomo Tubos do Brasil Ltda. and Vallourec Tubos do Brasil S.A. merged to become a new company Vallourec Soluções Tubulares do Brasil S.A.("VSB")
Feb. 2017	(Partial Sale of SUMCO Shares and Subsequent Change in Scope of NSSMC's Equity-Method Affiliates) NSSMC sold a part of its shareholding in SUMCO Corporation . After the execution of the sale, SUMCO was out of the scope of NSSMC's equity-method affiliates.
Mar. 2017	(The result of the Tender Offer for Nisshin Steel Co., Ltd.'s Shares) The Tender offer ended on March 6, 2017. As a result of the Tender Offer, Nisshin Steel Co., Ltd. became a subsidiary of NSSMC.

■Previously Announced Other Projects, etc

Time	Projects
May 2017 (announced in Mar. 2017)	(Notice concerning planned Partial Sale of Sumitomo Precision Products Shares and Subsequent Change in Scope of NSSMC's Equity-Method Affiliates) NSSMC has decided to sell a part of its shareholding in Sumitomo Precision Products Co., Ltd. After the execution of the sale, Sumitomo Precision Products will be out of the scope of NSSMC's equity-method affiliates.
Oct. 2017 (announced in Mar. 2017)	(Commencement of Discussions on the Acquisition of Ring Techs by Topy Industries) Topy Industries Limited and NSSMC have agreed to commence discussions on Topy Industries' acquisition of 100 percent shares of Ring Techs Co., Ltd. , a subsidiary of NSSMC, to make Ring Techs a wholly-owned subsidiary of Topy Industries.
Oct. 2017 (announced in Apr. 2017)	(Reinforcement of Joint Venture with Mitsubishi Steel Mfg) Reinforcement of Joint Venture (Mitsubishi Steel Muroran Inc.) with Mitsubishi Steel Mfg.

Nippon Steel & Sumitomo Metal Corporation
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Supplementary Information on the Financial Results for Fiscal 2016

Japanese Steel Industry

1. Crude Steel Production

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	25.86	26.20	52.05	26.33	25.84	52.17	104.23
2016FY	26.21	26.34	52.55	26.39	26.23	52.61	105.16

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.	2015	5.84	(137.3)	4.31	0.218
Apr.	2015	5.73	(155.6)	4.23	0.206
May	2015	5.87	(162.2)	4.31	0.207
June	2015	5.73	(147.3)	4.20	0.201
July	2015	5.64	(144.4)	4.07	0.197
Aug.	2015	5.86	(169.1)	4.26	0.198
Sep.	2015	5.79	(150.4)	4.21	0.198
Oct.	2015	5.65	(140.1)	4.13	0.195
Nov.	2015	5.68	(153.0)	4.08	0.189
Dec.	2015	5.72	(161.4)	4.09	0.185
Jan.	2016	5.87	(162.8)	4.27	0.185
Feb.	2016	5.72	(156.5)	4.17	0.192
Mar.	2016	5.50	(135.5)	4.11	0.203
Apr.	2016	5.61	(164.2)	4.08	0.196
May	2016	5.70	(159.0)	4.18	0.198
June	2016	5.56	(146.7)	4.03	0.197
July	2016	5.39	(142.0)	3.91	0.191
Aug.	2016	5.67	(164.7)	4.05	0.187
Sep.	2016	5.61	(149.5)	3.97	0.180
Oct.	2016	5.61	(140.4)	3.96	0.177
Nov.	2016	5.42	(135.1)	3.83	0.173
Dec.	2016	5.48	(146.9)	3.81	0.177
Jan.	2017	5.60	(148.6)	3.89	0.186
Feb.	2017	5.67	(153.4)	3.88	0.200

*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 quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	10.45	10.89	21.35	10.65	10.52	21.17	42.51
2016FY	10.49	10.76	21.26	10.66	10.24	20.89	42.15

*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 [Excluding Nisshin Steel Co., Ltd.]))

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	10.89	11.38	22.27	11.14	11.12	22.26	44.53
2016FY	11.16	11.53	22.70	11.52	10.95	22.47	45.17

(Non-consolidated basis)

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	10.31	10.76	21.07	10.56	10.55	21.11	42.17
2016FY	10.58	10.93	21.51	10.84	10.28	21.11	42.62

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

5. Steel Products Shipment

(million tons)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	9.85	9.79	19.64	9.99	9.99	19.98	39.62
2016FY	9.60	10.09	19.68	10.29	9.81	20.09	39.78

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

6. Average Price of Steel Products

(thousands of yen / ton)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	82.8	79.8	81.3	75.5	70.6	73.1	77.1
2016FY	68.1	67.9	68.0	70.9	83.6	77.1	72.6

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

7. Export Ratio of Steel Products (Value basis)

(%)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	48	46	47	43	43	43	45
2016FY	43	43	43	42	41	42	42

*Including Nippon Steel & Sumikin Koutetsu Wakayama Corporation

8. Foreign Exchange Rate

(¥／$)

	1st quarter	2nd quarter	1st half	3rd quarter	4th quarter	2nd half	total
2015FY	121	122	122	121	118	120	121
2016FY	111	103	107	106	114	110	109

9. Amount of Capital Expenditure and Depreciation

(Consolidated basis)

(billions of yen)

	Capital Expenditure	Depreciation
2015FY	304.6	308.2
2016FY	351.0	304.7