

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation, nor for direct, indirect, or any other form of damages that may arise from use of this translation.

Summary of Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2017 (Japanese GAAP)

February 2, 2017
Stock Exchange: Tokyo

Listed company name: **NIPPON STEEL & SUMIKIN BUSSAN CORPORATION**
Code No. : 9810
URL: <http://www.nssb.nssmc.com/en/index.html>
Representative name: Kenji Hiwatari, President and Representative Director
Tel: +81-(0)3-5412-5003

Quarterly securities report to be submitted: February 10, 2017
Start of cash dividend payments: –
Supplementary materials: Yes (Japanese only)
IR conference: None

(Figures rounded down to nearest million yen)

1. Consolidated Earnings through the Third Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 to December 31, 2016)

(1) Consolidated Operating Results (Cumulative) (%: change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q FYE March 31, 2017	1,317,111	(9.9)	21,005	5.1	21,346	(1.2)	13,952	7.9
3Q FYE March 31, 2016	1,462,576	(6.8)	19,989	(2.8)	21,612	2.1	12,931	(1.4)

Note: Comprehensive income
3Q FYE March 31, 2017: ¥10,133 million (0.8%)
3Q FYE March 31, 2016: ¥10,052 million (-45.8%)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3Q FYE March 31, 2017	451.33		–	
3Q FYE March 31, 2016	418.28		–	

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, earnings per share has been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of December 31, 2016	672,330		194,813		26.8	
As of March 31, 2016	660,664		190,264		26.3	

Reference: Equity capital
As of December 31, 2016: ¥180,287 million
As of March 31, 2016: ¥173,512 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
FYE March 31, 2016	–	7.50	–	7.50	15.00
FYE March 31, 2017	–	7.50	–		
FYE March 31, 2017 (Est.)				75.00	–

Note: Revisions of dividends projections since most recent announcement: None

Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the dividend per share entered for the fiscal year end of the fiscal year ending March 31, 2017 (Est.) reflects the impact of the said share consolidation, and the field for total annual dividends per share displays a hyphen (-). When the share consolidation is discounted, the dividend per share for the fiscal year end of the fiscal year ending March 31, 2017 (Est.) is ¥7.50 and annual dividends per share are ¥15.00.

3. Projected Consolidated Results for Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(%: change from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	1,880,000	(2.6)	29,000	4.0	30,000	3.4	17,500	1.0	566.09

Note: Revisions of earnings projections since most recent announcement: None

* Notes

- (1) Material changes in consolidated subsidiaries during the cumulative consolidated period (changes in specific subsidiaries resulting in changes in scope of consolidation): None
- (2) Use of special accounting methods for creating quarterly consolidated financial statements: None
- (3) Changes of accounting policies, changes of accounting estimates and retrospective restatements
 - i. Changes in accounting policies resulting from changes in accounting standards, etc.: Yes
 - ii. Other accounting policy changes: None
 - iii. Changes in accounting estimates: None
 - iv. Restatements: None

Note: For more detailed information, see “2. Notes on Summary Information, (3) Changes of Accounting Policies, Changes of Accounting Estimates and Retrospective Restatements” on page 4 of the attachment.

- (4) Number of shares outstanding (common shares)
 - i. Number of shares outstanding at the end of the period (including treasury shares)

As of December 31, 2016	30,957,800 shares
As of March 31, 2016	30,957,800 shares
 - ii. Number of treasury shares at the end of the period

As of December 31, 2016	44,684 shares
As of March 31, 2016	43,123 shares
 - iii. Average number of shares during the period (cumulative quarter)

3Q FYE March 31, 2017	30,914,121 shares
3Q FYE March 31, 2016	30,916,283 shares

* Effective October 1, 2016, the Company consolidated its common shares at the ratio of 10 shares to 1 share. Accordingly, the number of shares outstanding at the end of the period, number of treasury shares at the end of the period and average number of shares during the period have been calculated as if the said share consolidation was conducted at the beginning of the previous fiscal year.

* Statement relating to the status of quarterly review procedures

This summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act, and quarterly financial statement review procedures based on the Financial Instruments and Exchange Act are not yet completed at the time of disclosure of this report.

* Explanation for the proper use of earnings projections, and other special matters

(Caution on description of future events, etc.)

The preceding projections are based on information available at the time of the publication of these materials, and are not intended as pledges on the part of the Company that the said projections will be achieved. Actual results may differ materially from projections due to various factors that may occur in the future. For the assumptions on which these earnings projections were based, see “1. Qualitative Information on Quarterly Settlement of Accounts, (3) Explanation of Consolidated Earnings Projections and other Forecasts” on page 3 of the attachment.

(How to acquire supplementary materials)

Supplementary materials were published on TDnet as of February 2, 2017, and they were published on the Company’s website on the same date.

Index of attached documents

1. Qualitative Information on Quarterly Settlement of Accounts.....	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Projections and Other Forecasts	3
2. Notes on Summary Information.....	4
(1) Material Changes in Consolidated Subsidiaries during the Cumulative Consolidated Period	4
(2) Use of Special Accounting Methods for Creating Quarterly Consolidated Financial Statements.....	4
(3) Changes of Accounting Policies, Changes of Accounting Estimates and Retrospective Restatements	4
(4) Additional Information	4
3. Quarterly Consolidated Financial Statements	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income.....	6
Quarterly Consolidated Statements of Income	
Cumulative Third Quarter.....	6
Quarterly Consolidated Statements of Comprehensive Income	
Cumulative Third Quarter.....	7
(3) Notes on Quarterly Consolidated Financial Statements.....	8
(Notes on Going Concern Assumption).....	8
(Notes in Case of Significant Changes to Shareholders' Equity).....	8
(Segment Information, etc.).....	8

1. Qualitative Information on Quarterly Settlement of Accounts

(1) Explanation of Operating Results

The world economy during the cumulative third quarter under review (nine-month period) generally remained on a modest recovery path; Western countries maintained their recovery trend, and China showed signs of recovery as the government's economic stimulus packages gain traction. On the other hand, uncertainty about global economic prospects on the whole has increased because of the policy trajectory of the new US administration and Brexit (the British people's decision to leave the European Union).

The Japanese economy also remained on a modest recovery path; corporate earnings showed an improving trend, consumer spending picked up, and the employment environment was steady.

In this business environment, the Company continued its efforts to improve profitability based on its Medium-Term Management Plan. As a result, the Company's consolidated earnings were as follows: Net sales were ¥1,317.1 billion, down ¥145.4 billion (9.9%) from the corresponding period of the previous fiscal year. Operating income was ¥21.0 billion, up ¥1.0 billion (5.1%). Ordinary income was ¥21.3 billion, down ¥200 million (1.2%). Quarterly profit attributable to owners of parent was ¥13.9 billion, up ¥1.0 billion (7.9%).

Earnings for reportable segments are as below.

(Steel)

In the Steel business, nationwide crude steel production during the cumulative third quarter was up 0.7% compared with the corresponding period of the previous fiscal year. Domestic steel demand showed an improving trend. There was increased demand in the construction sector following large projects and infrastructure development, and there was also increased demand in the manufacturing sector, particularly in the automotive sector. In this business environment, the Company increased its sales volume in Japan and overseas compared with the corresponding period of the previous fiscal year. Despite a recent improving trend fueled by strong demand and an increase in steel materials prices, domestic and export sales prices declined significantly because of stagnant steel prices during the first half and the influence of the strong yen. As a result, net sales in the Steel segment reached ¥1,028.4 billion, down ¥119.6 billion (10.4%), and ordinary income was ¥13.3 billion, down ¥400 million (3.5%) despite an improvement in the profits among group companies.

(Industrial Supply and Infrastructure)

In the Industrial Supply and Infrastructure business, net sales reached ¥61.2 billion, down ¥8.7 billion (12.5%) due to a decline in Russia-bound exports of steel products for line pipes. Furthermore, ordinary income was ¥1.7 billion, down ¥1.4 billion (44.9%), reflecting the absence of temporary profits in a Thailand-based entity related to the entity's merger.

(Textiles)

In the Textiles business, net sales were ¥117.3 billion, down ¥11.4 billion (8.9%), because of the continuing harsh sales environment. However, ordinary income reached ¥3.6 billion, up ¥1.3 billion (58.4%). This result was achieved because there was a decline in costs reflecting the impact of the strong yen, and an improvement in the profits among group companies.

(Foodstuffs)

In the Foodstuffs business, meat prices continued to be bearish on the whole, resulting in net sales of ¥108.8 billion, down ¥5.7 billion (5.0%). On the other hand, thanks to an improvement in profit margins, ordinary income reached ¥2.5 billion, up ¥200 million (12.8%).

(2) Explanation of Financial Position

A. Assets, Liabilities and Net Assets

Total assets at the end of the third quarter under review were ¥672.3 billion, up ¥11.6 billion from the end of the previous fiscal year, due to an increase in trade receivables, which offset a decrease in property, plant and equipment and inventories.

Total liabilities were ¥477.5 billion, up ¥7.1 billion, due to a decrease in accounts payable and loans payable.

Total net assets were ¥194.8 billion, up ¥4.5 billion, due to the recording of profit attributable to owners of parent for the cumulative third quarter under review, which offset the payment of dividends.

(3) Explanation of Consolidated Earnings Projections and Other Forecasts

The consolidated earnings projections for the fiscal year ending March 31, 2017 will remain as stated in this announcement on November 2, 2016.

2. Notes on Summary Information

(1) Material Changes in Consolidated Subsidiaries during the Cumulative Consolidated Period

Not applicable.

(2) Use of Special Accounting Methods for Creating Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes of Accounting Policies, Changes of Accounting Estimates and Retrospective Restatements

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

The Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan [ASBJ], Practical Issues Task Force No. 32, issued on June 17, 2016) from the first quarter of this fiscal year. Accordingly, the depreciation method has been changed from the declining-balance method to the straight-line method for the facilities of buildings and structures acquired on or after April 1, 2016.

The above has minor impact on quarterly consolidated financial statements with respect to the cumulative third quarter under review.

(4) Additional Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the Accounting Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) from the first quarter of this fiscal year.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2016)	Third Quarter Under Review (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	19,767	19,793
Notes and accounts receivable - trade	393,147	405,260
Inventories	96,614	89,750
Other	17,730	25,877
Allowance for doubtful accounts	(1,380)	(1,324)
Total current assets	525,878	539,357
Non-current assets		
Property, plant and equipment	60,625	56,955
Intangible assets		
Goodwill	136	102
Other	922	725
Total intangible assets	1,058	828
Investments and other assets		
Other	77,245	79,254
Allowance for doubtful accounts	(4,143)	(4,065)
Total investments and other assets	73,102	75,188
Total non-current assets	134,786	132,972
Total assets	660,664	672,330
Liabilities		
Current liabilities		
Notes and accounts payable - trade	217,260	222,325
Short-term loans payable	134,771	142,884
Income taxes payable	4,650	1,686
Provision	3,658	2,052
Other	27,367	26,667
Total current liabilities	387,707	395,616
Non-current liabilities		
Long-term loans payable	70,840	69,297
Provision	493	550
Net defined benefit liability	1,879	1,860
Other	9,478	10,190
Total non-current liabilities	82,692	81,899
Total liabilities	470,400	477,516
Net assets		
Shareholders' equity		
Capital stock	12,335	12,335
Capital surplus	50,649	50,727
Retained earnings	101,678	111,023
Treasury shares	(117)	(123)
Total shareholders' equity	164,546	173,961
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,817	7,912
Deferred gains or losses on hedges	(1,272)	237
Foreign currency translation adjustment	5,659	(1,720)
Remeasurements of defined benefit plans	(237)	(104)
Total accumulated other comprehensive income	8,966	6,325
Non-controlling interests	16,751	14,526
Total net assets	190,264	194,813
Total liabilities and net assets	660,664	672,330

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

(Quarterly Consolidated Statements of Income)

(Cumulative Third Quarter)

(Millions of yen)

	Cumulative Third Quarter of Previous Fiscal Year (April 1, 2015 to December 31, 2015)	Cumulative Third Quarter Under Review (April 1, 2016 to December 31, 2016)
Net sales	1,462,576	1,317,111
Cost of sales	1,364,174	1,225,105
Gross profit	98,401	92,006
Selling, general and administrative expenses	78,412	71,000
Operating income	19,989	21,005
Non-operating income		
Interest income	354	266
Dividend income	692	645
Share of profit of entities accounted for using equity method	2,173	974
Purchase discounts	513	354
Other	1,131	880
Total non-operating income	4,866	3,122
Non-operating expenses		
Interest expenses	1,928	1,941
Foreign exchange losses	545	413
Other	768	427
Total non-operating expenses	3,242	2,781
Ordinary income	21,612	21,346
Extraordinary income		
Gain on sales of non-current assets	-	107
Gain on sales of investment securities	176	230
Gain on sales of investments in capital	2	-
Gain on step acquisitions	-	101
Gain on bargain purchase	-	41
Total extraordinary income	178	482
Extraordinary losses		
Impairment loss	-	167
Loss on sales of investment securities	-	156
Loss on valuation of investment securities	199	87
Loss on valuation of investments in capital	-	38
Loss on change in equity	111	79
Loss on liquidation of subsidiaries and associates	2,065	202
Total extraordinary losses	2,376	732
Profit before income taxes	19,414	21,096
Income taxes	5,975	6,507
Profit	13,438	14,588
Profit attributable to non-controlling interests	507	636
Profit attributable to owners of parent	12,931	13,952

(Quarterly Consolidated Statements of Comprehensive Income)

(Cumulative Third Quarter)

(Millions of yen)

	Cumulative Third Quarter of Previous Fiscal Year (April 1, 2015 to December 31, 2015)	Cumulative Third Quarter Under Review (April 1, 2016 to December 31, 2016)
Profit	13,438	14,588
Other comprehensive income		
Valuation difference on available-for-sale securities	960	3,079
Deferred gains or losses on hedges	(476)	1,510
Foreign currency translation adjustment	(1,923)	(6,936)
Remeasurements of defined benefit plans, net of tax	40	133
Share of other comprehensive income of entities accounted for using equity method	(1,986)	(2,241)
Total other comprehensive income	(3,386)	(4,454)
Comprehensive income	10,052	10,133
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,738	11,302
Comprehensive income attributable to non-controlling interests	314	(1,168)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes in Case of Significant Changes to Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I Cumulative Third Quarter of Previous Fiscal Year (April 1, 2015 to December 31, 2015)

1 Information on sales and income/loss in each reporting segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,148,130	70,049	128,809	114,595	1,461,584	991	1,462,576	–	1,462,576
Intersegment sales or transfers	708	1,298	3	–	2,010	160	2,170	(2,170)	–
Total	1,148,839	71,347	128,812	114,595	1,463,595	1,152	1,464,747	(2,170)	1,462,576
Segment income (Ordinary income)	13,832	3,141	2,309	2,232	21,516	96	21,613	(0)	21,612

(Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.

2. The adjustment of ¥0 million in "segment income" represents the elimination of inter-segment trade.

3. The total income of the "reportable segments" and "others" aligns with the ordinary income in the quarterly consolidated statement of income excepting the adjustment of ¥0 million.

2 Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

Not applicable.

II Cumulative Third Quarter Under Review (April 1, 2016 to December 31, 2016)

1 Information on sales and income/loss in each reporting segment

(Millions of yen)

	Reportable segments					Others (Note 1)	Total	Adjusted amount (Note 2)	Quarterly consolidated statement of income amount (Note 3)
	Steel	Industrial Supply and Infrastructure	Textiles	Foodstuffs	Total				
Net sales									
Sales to external customers	1,028,491	61,262	117,312	108,859	1,315,925	1,186	1,317,111	–	1,317,111
Intersegment sales or transfers	612	863	3	–	1,479	123	1,603	(1,603)	–
Total	1,029,104	62,125	117,316	108,859	1,317,405	1,310	1,318,715	(1,603)	1,317,111
Segment income (Ordinary income)	13,341	1,731	3,657	2,518	21,249	88	21,338	8	21,346

(Notes) 1. "Others" represents items not included under "reportable segments," and it includes real estate business.

2. The adjustment of ¥8 million in "segment income" represents the elimination of inter-segment trade.

3. The total income of the "reportable segments" and "others" aligns with the ordinary income in the quarterly consolidated statement of income excepting the adjustment of ¥8 million.

2 Information on impairment loss on non-current assets, goodwill, etc., for each reporting segment

Not applicable.