

September 28, 2018

Nippon Steel & Sumitomo Metal Corporation
Nisshin Steel Co., Ltd.
Nippon Steel & Sumikin Bussan Corporation
Nihon Teppan Corporation

Conclusion of Contract Regarding Partial Transfer of Nihon Teppan to NSSBC

Nippon Steel & Sumitomo Metal Corporation (hereafter, NSSMC), Nisshin Steel Co., Ltd. (hereafter, Nisshin Steel), Nippon Steel & Sumikin Bussan Corporation (hereafter, NSSBC), and Nihon Teppan Corporation (hereafter, Nihon Teppan) have decided to transfer a portion of Nihon Teppan's shares (hereafter, this transfer of shares), held by NSSMC and Nisshin Steel, to NSSBC and have NSSBC make Nihon Teppan its subsidiary (hereafter, this subsidiary acquisition). This will be done with the aim of maximizing the NSSMC Group's synergy by improving the ability to respond to customers and the market by strengthening supply chains and unifying affiliated trading companies in the field of structural flat products.

1. Purpose of This Transfer of Shares & This Subsidiary Acquisition

Ever since Nisshin Steel became a subsidiary of NSSMC back in March 2017, NSSMC and Nisshin Steel have worked to maximize their synergy with one another by mutually leveraging their management resources and collaborating in various fields such as production, sales, and procurement in a wide variety of businesses.

However, the environment surrounding the steel business is expected to change in the future. This includes changes to steel supply and demand structures, as well as changes to social and industrial structures. In addition, although the number of housing starts is expected to decline due to depopulation particularly in the field of structural flat products in Japan, other changes are expected such as an increased application of high-performance materials in response to demands to streamline construction work and improve structural durability and seismic resistance.

In the midst of these circumstances, NSSMC and Nisshin Steel have decided to conduct this transfer of shares after judging that the unification of affiliated trading companies will help maximize synergy within the NSSMC Group. Nihon Teppan is a primary trading company with a high level of expertise in the domestic structural flat products market in Japan, and will become a subsidiary of NSSBC which is a primary trading company with an even broader range of business domains.

Furthermore, in conjunction with this transfer of shares and this subsidiary acquisition, the commercial rights that have been handled by Nihon Teppan Stainless Marketing Division until now will be transferred and consolidated to Nisshin Stainless Steel Trading Co., Ltd., a trading company within the NSSMC Group that specializes in stainless steel products. This is being done from the perspective of demonstrating synergy within relevant domains based on the integration of Nisshin Steel and Nippon Steel & Sumikin Stainless Steel Corporation's stainless steel sheet business (scheduled for April 2019).

This will enable NSSMC and Nisshin Steel to maintain the business relations both companies have had until

now, while at the same time strengthening supply chains in the market which will allow them to improve their ability to respond to customers and the market. This involves, but is not limited to, delivery services including processing and distribution functions, as well as the ability to propose solutions addressing customer needs.

2. Number of Transferred Shares & Number of Shares Held Before/After Transfer

		NSSMC	Nisshin Steel	NSSBC
(1)	(Scheduled) Number of transferred shares	360,000 shares (ratio of voting rights: 36.0%)	300,000 shares (ratio of voting rights: 30.0%)	—
(2)	Number of shares held before transfer	500,000 shares (ratio of voting rights: 50.0%)	500,000 shares (ratio of voting rights: 50.0%)	0 shares (ratio of voting rights: 0.0%)
(3)	(Scheduled) Number of shares held after transfer	140,000 shares (ratio of voting rights: 14.0%)	200,000 shares (ratio of voting rights: 20.0%)	660,000 shares (ratio of voting rights: 66.0%)

3. Schedule for This Transfer of Shares

(1)	September 28, 2018	Conclude contract for this transfer of shares
(2)	December 27, 2018 (scheduled)	Day when this transfer of shares is conducted

4. Impact on Performance

This transfer of shares will have a negligible impact on each company’s consolidated performance.

For inquiries

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