



“Transferring a part of the iron and steel products business of the Mitsui group to NSSB and additional acquisition of the shares in NSSB”

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Mitsui & Co., Ltd.

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【Reference】

Domestic & Global Location Map of NSSB & Mitsui

1. Transaction Overview

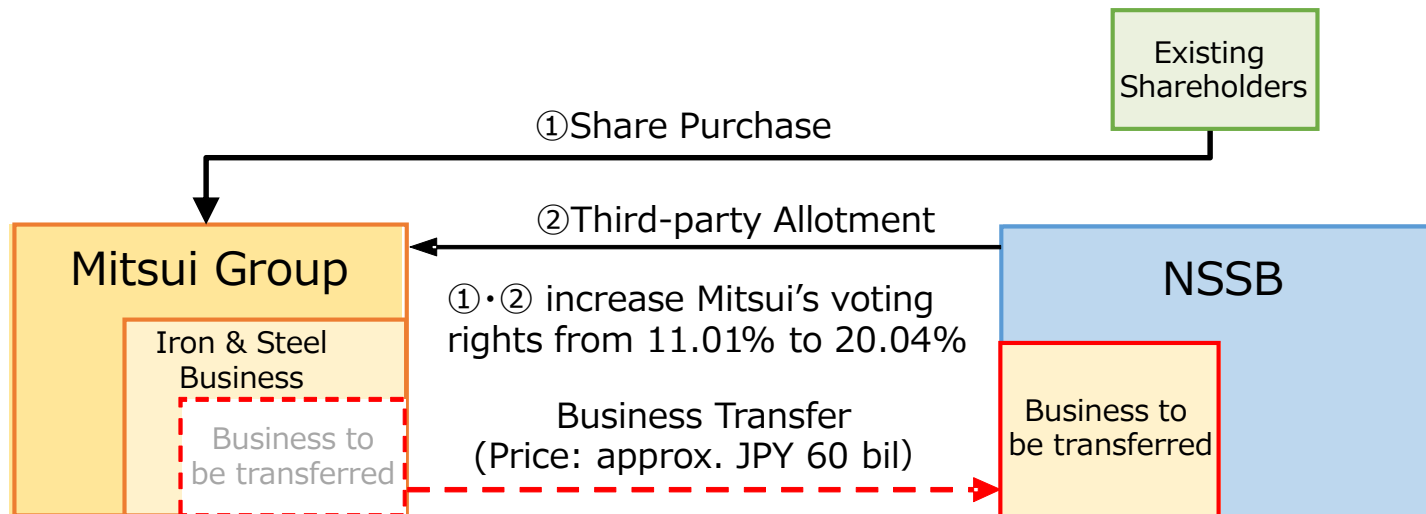
【Purpose】

Mitsui & Co., Ltd. (“Mitsui”) realizes the following by strengthening the business alliance with NIPPON STEEL & SUMIKIN BUSSAN CORPORATION (“NSSB”)

- 1) Strengthening of earnings base in steel business
- 2) New business development by maximizing integrated strength
- 3) Further enhancement of customer satisfaction

【Structure】

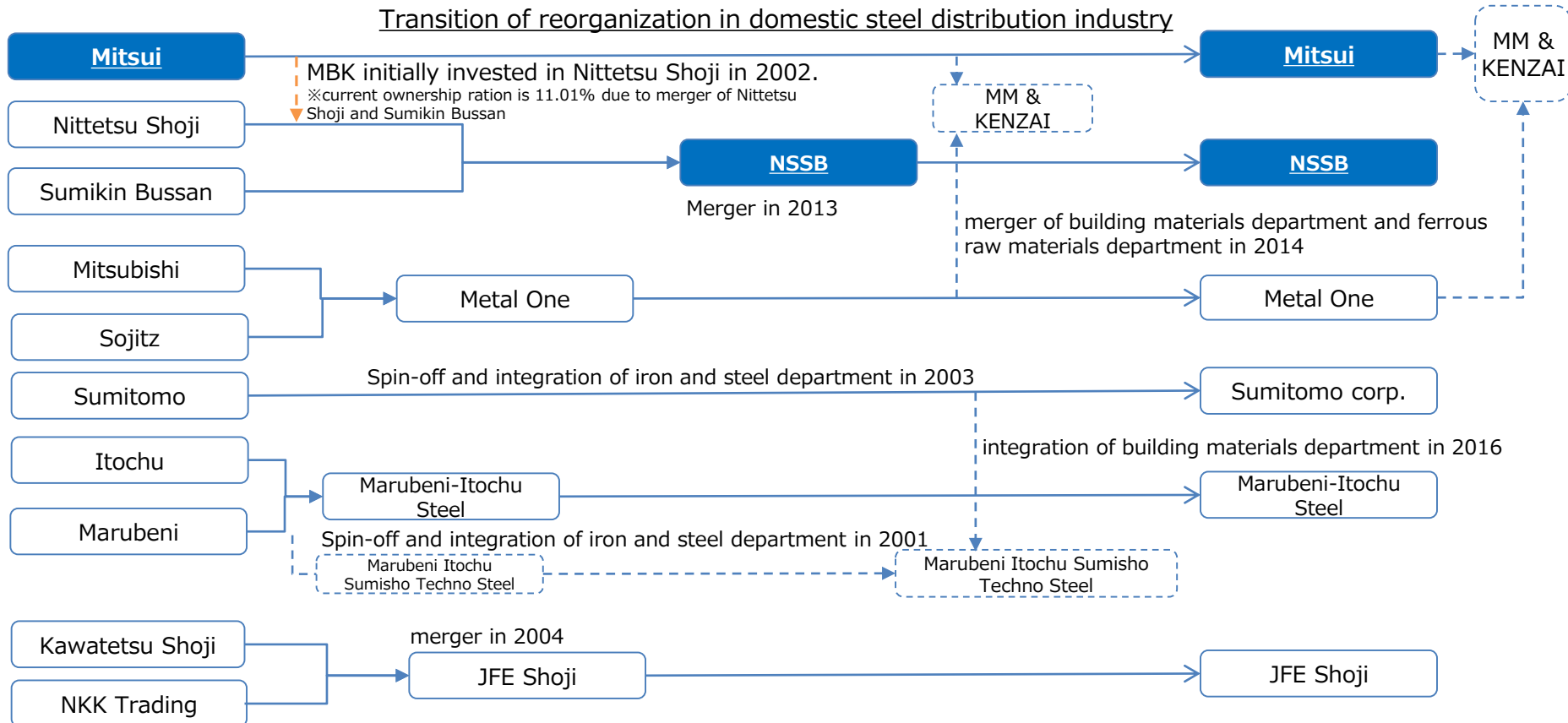
- 1) Partial transfer of Mitsui group’s steel business to NSSB
- 2) Making NSSB an equity-method associated company through additional acquisition of shares in NSSB and increase of Mitsui’s voting rights



2. Competitive Environment

- The steel industry, particularly in China, is facing worldwide oversupply matter. In Japan, consolidation of steel industry is accelerated as represented by NIPPON STEEL & SUMITOMO METAL CORPORATION ("NSSMC") 's acquisition of Nisshin Steel Co., Ltd.
- Drastic reorganization in the steel distribution industry is also expected

Transition of reorganization in domestic steel distribution industry



3. Strategies of Mitsui's Iron & Steel Products Business(1)

- Mitsui will strengthen its supply chain from materials to final products through the business alliance with NSSB, and will pursue the creation of new business opportunities further in the steel industry utilizing existing businesses, assets and customer partners.

NSSB and entire Mitsui's Iron & Steel Products group will strengthen supply chain together including the reinforcement of relationship with NSSMC



Reinforce Steel Materials Distribution with NSSB

- Strengthening relationship with NSSMC
Increase of NSSB's trading volume (especially in Japan)

- Cooperation among business locations
Cooperation among service centers
Optimizing marine transportation

- Mutual complementation of functions
Strengthening supply by complementing regional and industrial domains where each has own strengths

Supply

Functions to be fulfilled by Mitsui

① Pursuing functions in global distribution

Pursuing trading function including global processing, JIT and SCM
Trading volume: approx. 6 million tons

② Together with business partners

Approx. 14 million tons of steel products used in Mitsui's Iron & Steel Products business

③ Full utilization of integrated strength

Maximizing integrated strength utilizing assets of Mitsui's other business units where steel is used

4. Strategies of Mitsui's Iron & Steel Products Business(2)

- Mitsui aims to expand its Iron & Steel Products business further by creating demand through maintaining a strong relationship with steel customers and leveraging the “strengths of reinforced supply chain”.

Pursuing functions in global distribution

- E.g.
- Supply of the long-distance pipeline in Mexico
 - Procuring steel products globally
 - Taking in special steel products for refineries all together



- **650 thousand tons** of SCM for pipelines in total
- Contribution to Mitsui's Iron & Steel Products Business by local procurement function
- Providing one-stop supply service of related steel products through smiLLe™ business

Together with business partners

- E.g.
- Mitsui's mobility strategy plotted together with Gestamp
 - A model of local production for local consumption in North America plotted together with Nucor
 - Comprehensive packaging materials business plotted together with Sarten
 - Pursuing opportunity in renewable energy industry including offshore wind power



- **Approx. 4 million tons** of steel products trading volume Dealing with changes in the automotive industry
- US's SteelTech (JV with Nucor) has trading volume of **2.5 million tons**, with an eye on Latin America including Mexico
- Capturing growth in Europe and Africa by comprehensively seizing demand for packaging materials including steel cans (tin-plate cans)
Trading Volume: **150 thousand tons**
- Developing on and offshore wind power business having GRI and GEG as partners, etc.

Full utilization of integrated strength

- E.g.
- Mining resource development
 - Energy development and power generation projects
 - Supply of materials for infrastructure development projects
 - Execution of digital innovation

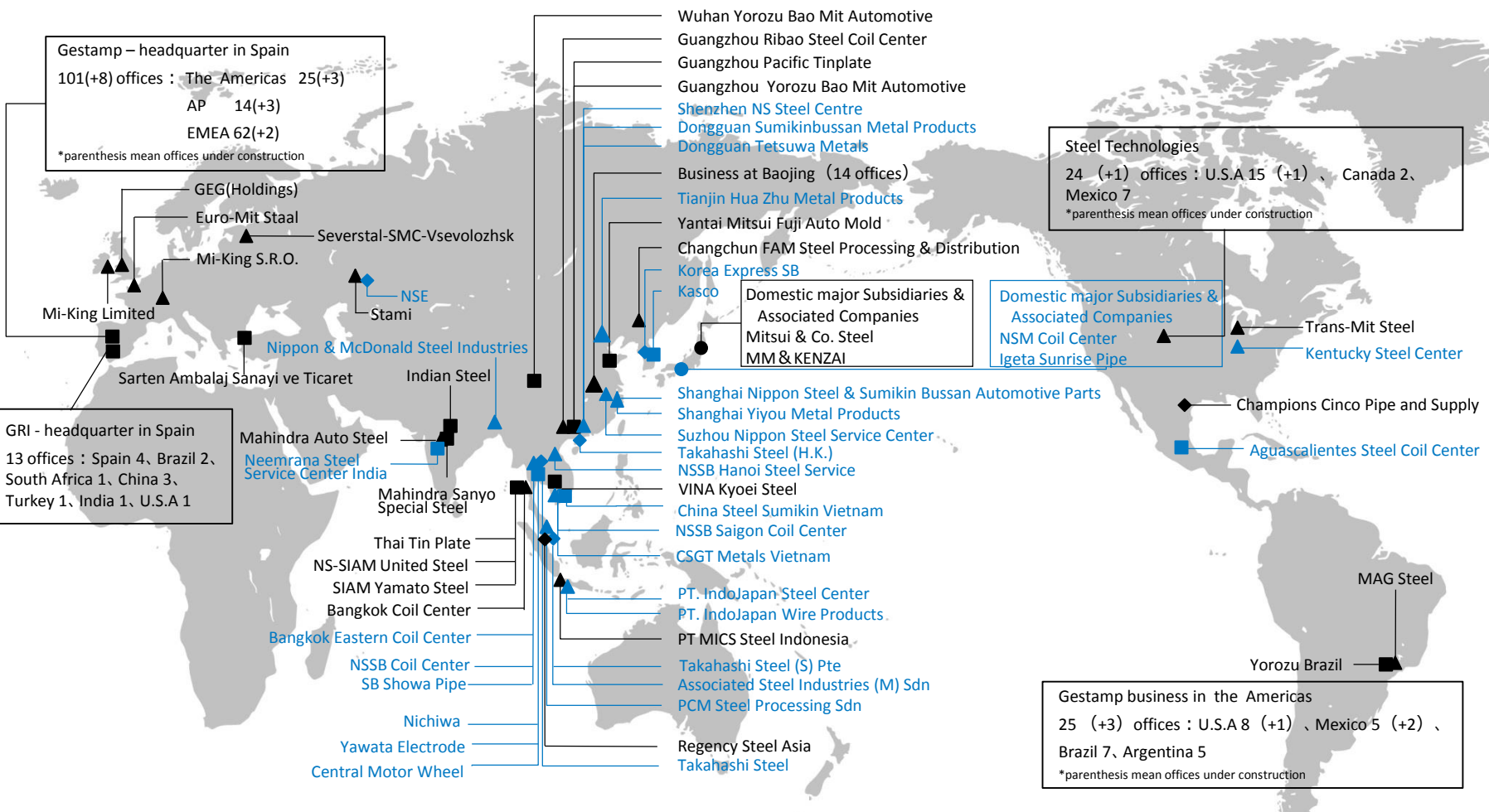


- Supply of rails for mine development business with partners including Vale and RioTinto
- Supply of pipes for oil and gas, and plant steel products for construction of power generation facilities
- Capturing infrastructure demand both in Japan and overseas including a full contract of steel frames of Mitsui's new office building and airport projects in Thailand, Qatar and Mexico, etc.
- Proposals utilizing Mitsui's related IoT assets for affiliated companies and partners to improve production efficiency

[Reference] Domestic & Global Location Map of NSSB & Mitsui



as of June 2017



- Domestic major Subsidiaries & Associated Companies
- Mitsui group offices NSSB group offices
- ▲ Processing ▲ Processing
- Manufacturing ■ Manufacturing
- ◆ Distributing, others ◆ Distributing, others

360° business innovation.



MITSUI & CO.