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

October 4, 2017
Mitsui & Co., Ltd.
1. Transaction Overview

2. Competitive Environment

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

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

【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

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

MBK initially invested in Nittetsu Shoji in 2002.
※current ownership ratio is 11.01% due to merger of Nittetsu Shoji and Sumikin Bussan

Merger in 2013

- Nittetsu Shoji
- Sumikin Bussan
- Mitsubishi
- Sojitz
- Sumitomo
- Itochu
- Marubeni
- Kawatetsu Shoji
- NKK Trading

- Mitsui
- Metal One
- Marubeni-Itochu Steel
- Marubeni Itochu Sumisho Techno Steel

- MM & KENZAI
- Metal One
- Sumitomo corp.
- Marubeni-Itochu Steel
- Marubeni Itochu Sumisho Techno Steel

- JFE Shoji

merger in 2004

Spin-off and integration of iron and steel department in 2001

Spin-off and integration of iron and steel department in 2003

Integration of building materials department and ferrous raw materials department in 2014

Copyright © MITSUI & CO., LTD. All Rights Reserved.
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

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
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
360° business innovation.