

March 15, 2018

Company name: Nippon Steel & Sumitomo Metal Corporation
Representative: Kosei Shindo, Representative Director and President
Code number: 5401
Contact: Public Relations Center
Telephone: +81-3-6867-2135, 2146, 2977, 3419

Regarding Acquisition of Ovako (Making It a Subsidiary)

Nippon Steel & Sumitomo Metal Corporation announced the subject of the title.
Please refer to the following pages for details.

March 15, 2018
Nippon Steel & Sumitomo Metal Corporation

Regarding Acquisition of Ovako (Making It a Subsidiary)

This is to announce that Nippon Steel & Sumitomo Metal Corporation (President: Kosei Shindo; “NSSMC”) has entered into a share purchase agreement with funds advised by Triton to acquire Ovako AB (“Ovako”) which is headquartered in Sweden and manufactures and sells special steel aimed mainly at the European market.

NSSMC plans to acquire Ovako within the first half of the fiscal year 2018, subject to the competition authorities’ examination.

1. The Goal of Making Ovako a Subsidiary

Ovako is a maker of special steel with global top level technology regarding high-cleanliness steel for bearing steel and other such products, and supplies highest quality products. Special steel is used as a vital input for various industries, such as the automobile, industrial equipment, wind power generation, and robot industries, and it is expected that demand for it shall continue to grow steadily.

Through the acquisition of Ovako and by promoting cooperation with it, NSSMC wishes to further strengthen its technology, product quality, and product development capability for special steel. NSSMC seeks to strengthen and expand its global business, and, via securing a base of manufacture and sales in Europe, will expand the geographic reach of its special steel business.

2. Overview of Ovako (Consolidated Basis)

| | |
|-----------------|--|
| Name | Ovako AB |
| Location | Sweden (headquarter) |
| Representative | Joakim Olsson (Chairman), Marcus Hedblom(CEO) |
| Business | Manufacture and Sale of Special Steel and Secondarily Processed Products |
| Sales | 780,000 tons (Year 2017) |
| Amount of Sales | 921,000,000 Euros (Year 2017, approximately 120 billion Yen*) |
| Total Assets | 743,000,000 Euros (Year 2017, approximately 97 billion Yen*) |
| Employees | Approximately 3,000 |

*Based on an exchange rate of 130 Yen per Euro

3. Schedule

Within the first half of the fiscal year 2018 (Target), finish the procedures for the transaction, subject to the examination by the competition authorities, and make it a subsidiary.

Furthermore, the effect of this transaction on NSSMC's current consolidated financial performance is insignificant. Additionally, the effects on NSSMC's financial performance for subsequent terms are unknown.

(Reference) Consolidated Financial Forecasts for the Current Term and Consolidated Performance for the Previous Term

(Unit: million yen)

| | Consolidated sales | Consolidated operating profit | Consolidated ordinary income | Consolidated current profit |
|---|--------------------|-------------------------------|------------------------------|-----------------------------|
| Consolidated financial forecasts for the current term (term ending in March, 2018) | 5,700,000 | - | 300,000 | 180,000 |
| Consolidated financial performance for the previous term (term ending in March, 2017) | 4,632,890 | 114,202 | 174,531 | 130,946 |

(Contact Information)

Public Relations Center Tel: +81-3-6867-2135, 2146, 2977, 3419

End of document

(Reference materials)

Outline of Ovako

(1) History and Outline

- It entered the steel manufacturing business in Sweden in the 17th Century, and in the year 1916 it was bought by SKF (the largest global bearing steel maker in Sweden). After integrations and reorganizations, its shares were acquired by Triton Fund in 2010.
- It is an electric furnace special steel maker possessing manufacturing facilities in Sweden and Finland, and it manufactures special steel including bearing steel with global top level technology regarding high cleanliness steel, and possesses bases of sales and secondary processing throughout all regions of Europe.

(2) Locations (Including bases of secondary processing and sales)

