

## **Announcement on absorption-type merger of wholly-owned subsidiary (simplified merger and short-form merger)**

Kobe Steel, Ltd. announces that at its Board of Directors meeting held on September 27, 2019, the Board adopted a resolution for Kobe Steel to conduct an absorption-type merger of its wholly-owned subsidiary Shinko Fab Tech, Ltd. with April 1, 2020 as the effective date.

### **1. Purpose of the merger**

Following its establishment in December 1986, Shinko Fab Tech, a wholly-owned subsidiary of Kobe Steel, carried out manufacturing contract work for aluminum extruded products in the form of a separate company created from the manufacturing division of the Aluminum Extrusion & Fabrication Plant at Kobe Steel's Chofu Works.

As automotive weight reduction makes further progress, global demand for automotive parts centered on bumpers and door beams, continues to expand. In its aluminum extrusion business, Kobe Steel established a new manufacturing site in North America in 2016 and has been undertaking other initiatives in its core business, focusing on strategies for automotive weight reduction in an aim to further advance business expansion and strengthen profitability.

In response to customer needs for higher sophistication at this time and to further strengthen its *monozukuri* (manufacturing) capabilities, Kobe Steel plans to absorb Shinko Fab Tech. Kobe Steel has reached the conclusion that integration is the optimal way to consolidate technology and manufacturing, which are currently being undertaken by two organizations at the Aluminum Extrusion & Fabrication Plant.

### **2. Summary of the Merger**

#### **(1) Schedule for the merger**

Resolution at Board of Directors' meeting:	September 27, 2019
Date of signing of agreement:	September 27, 2019
Effective date of merger:	April 1, 2020

#### **(2) Method of the organizational restructuring concerned**

An absorption-type merger will be undertaken with Kobe Steel as the continuing company and Shinko Fab Tech as the dissolving company.

For Kobe Steel, this merger falls under the scope of a simplified merger as prescribed in Paragraph 2, Article 796 of the Companies Act. As such, the merger agreement can proceed without approval at the general shareholders' meeting.

#### **(3) Details of allocation related to the merger**

As this merger concerns a wholly-owned subsidiary of Kobe Steel, there will be no issuance of new shares or allocation of money, etc.

#### **(4) Stock acquisition rights and bonds with stock acquisition rights**

Not applicable

### 3. Outline of the said organizational restructuring of the company concerned

	Continuing company in absorption-type merger	Dissolving company in absorption type merger
(1) Company name	Kobe Steel, Ltd.	Shinko Fab Tech, Ltd.
(2) Location	2-4, Wakinohama-Kaigandori 2-chome, Chuo-ku, Kobe, Hyogo	14-1, Chofu Minatomachi, Shimonoseki, Yamaguchi
(3) Name & position of representative	Mitsugu Yamaguchi, President, CEO and Representative Director	Satoshi Nimura President and Representative Director
(4) Description of business	Manufacture and sale of iron, steel and nonferrous metal products; manufacture and sale of cast iron products, steel castings and forgings, and nonferrous alloy castings and forgings; electricity supply business, etc.	Business involving the manufacture of aluminum extruded products and fabricated products
(5) Capital	250.9 billion yen	100 million yen
(6) Date of establishment	June 28, 1911	December 15, 1986
(7) No. of issued shares	364,364,210	2,000
(8) Accounting period	March 31	March 31
(9) Principal shareholders & their shareholding ratios	The Master Trust Bank of Japan, Ltd. (Trust Account) 4.97% Japan Trustee Services Bank, Ltd. (Trust Account) 3.66% Nippon Steel & Sumitomo Metal Corporation 2.95% Nippon Life Insurance Company 2.78% Japan Trustee Services Bank, Ltd. (Trust Account 5) 1.95%	Kobe Steel, Ltd. 100%

#### (10) Consolidated operating results and financial condition for the past 3 years

Fiscal period	Kobe Steel, Ltd. (Consolidated)			Shinko Fab Tech, Ltd. (Parent only)		
	Year ended Mar. 2017	Year ended Mar. 2018	Year ended Mar. 2019	Year ended Mar. 2017	Year ended Mar. 2018	Year ended Mar. 2019
Net assets	729,404	790,984	808,312	77	106	167
Total assets	2,310,435	2,352,114	2,384,973	612	674	724
Net assets per share (yen)	1,860.36	2,049.95	2,041.29	38,981	53,309	83,898
Net sales	1,695,864	1,881,158	1,971,869	2,477	2,515	2,892
Ordinary income (loss)	(19,103)	71,149	34,629	54	44	25
Net income (loss) attributed to owners of the parent	(23,045)	63,188	35,940	34	28	61
Net income (loss) per share (yen)	(63.54)	174.43	99.20	17,480	14,328	30,588
Dividend per share (yen)	—	30.00	20.00	—	—	—

(Note: Figures are in millions of yen, except where noted.)

#### 4. Situation after the merger

After the merger, there will be no changes in Kobe Steel's name, location, name and position of representative, description of business, capital and accounting period.

#### 5. Future Outlook

The merger will have no effect on Kobe Steel's consolidated operating results.

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